



RUSTENBURG LOCAL MUNICIPALITY
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2010



"A successful Rustenburg for the benefit of all"

RUSTENBURG LOCAL MUNICIPALITY
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED
30 JUNE 2010

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RUSTENBURG LOCAL MUNICIPALITY

APPROVAL OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

As Accounting Officer, in terms of section 126(1) (a) of the Municipal Finance Management Act, Act no 56 of 2003, I am responsible for the preparation of the consolidated annual financial statements as set out on pages 1 to ~~67~~ and which I have signed on behalf of the Rustenburg Local Municipality.

I certify, in terms of section 124(1) of the Municipal Finance Management Act, that the salaries, allowances and benefits of Councillors as disclosed in the notes to these annual financial statements are within the upper limits of the framework envisaged in section 210 of the Constitution, read with the Remuneration of Public Office Bearers Act (Act 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with Act 20 of 1998.

Mr. R. T. R. Ramatlhape
Acting Municipal Manager

30/9/2010
Date

RUSTENBURG LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010

MUNICIPALITY			GROUP	
Restated 2009 R	2010 R	Note	2010 R	Restated 2009 R
NET ASSETS AND LIABILITIES				
1 260 433 302	1 415 056 490		1 417 153 221	1 262 463 806
22 385 601	21 736 738	1	21 736 738	22 385 601
243 877 393	281 729 676		281 729 676	243 877 393
225 831 006	198 333 945		198 333 945	225 831 006
511 509 343	626 407 856		626 407 856	511 509 343
28 427 940	31 438 837		31 438 837	28 427 940
27 158 599	30 538 330		30 538 330	27 158 599
201 243 419	224 871 108		226 967 840	203 273 923
291 526 490	205 411 320		440 714 143	537 180 827
101 341 300	97 594 842	2	332 897 665	346 995 638
190 185 189	107 816 478	3	107 816 478	190 185 189
348 347 908	414 526 157		440 299 724	363 523 777
21 769 433	22 363 107	4	22 363 107	21 769 433
3 246 897	3 548 184	5	3 548 184	3 246 897
197 948 185	246 534 797	6	261 315 867	203 068 019
78 236 496	75 565 261	7	75 565 261	78 236 496
43 835 698	62 768 349	8	63 411 437	44 738 016
3 311 200	3 746 458	2	14 095 867	12 464 917
1 900 307 700	2 034 993 965		2 298 167 088	2 163 168 409
ASSETS				
1 098 595 007	1 235 697 426		1 419 022 405	1 304 227 908
1 090 348 736	1 228 408 015	9	1 415 610 476	1 299 936 979
694 884	694 884	10	693 884	693 884
7 551 387	6 594 527	11	2 718 045	3 597 045
801 712 693	799 296 539		879 144 683	858 940 501
22 396 385	24 141 819	12	24 141 819	22 396 385
166 874 714	209 563 440	13	217 049 925	173 392 645
4 940 542	5 609 182	14	6 170 349	5 464 507
91 434	107 691	11	29 830	29 830
467 941 238	452 591 276	15	452 591 276	467 941 238
139 468 380	107 283 132	16	179 161 485	189 715 896
1 900 307 700	2 034 993 965		2 298 167 088	2 163 168 409
Total Assets			Total Assets	
NET ASSETS AND LIABILITIES			NET ASSETS AND LIABILITIES	
Non-current assets			Non-current assets	
Housing Development Fund		1	Housing Development Fund	
Capital replacement reserve			Capital replacement reserve	
Capitalization reserve			Capitalization reserve	
Government grant reserve			Government grant reserve	
Donations and public contribution reserves			Donations and public contribution reserves	
Self-insurance reserve			Self-insurance reserve	
Accumulated Surplus/(Deficit)			Accumulated Surplus/(Deficit)	
Non-current liabilities			Non-current liabilities	
Long-term liabilities		2	Long-term liabilities	
Non-current provisions		3	Non-current provisions	
Current liabilities			Current liabilities	
Consumer deposits		4	Consumer deposits	
Provisions		5	Provisions	
Creditors		6	Creditors	
Unspent conditional grants and receipts		7	Unspent conditional grants and receipts	
VAT		8	VAT	
Current portion of long-term liabilities		2	Current portion of long-term liabilities	

RUSTENBURG LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

MUNICIPALITY			GROUP	
Restated 2009 R	2010 R	Note	2010 R	Restated 2009 R
REVENUE				
105 600 024	147 483 650	17	147 483 650	105 600 024
768 846 916	1 137 557 735	18	1 173 674 804	802 071 898
4 806 610	5 280 405		5 280 405	4 806 610
71 883 969	41 764 864		45 848 078	75 912 171
64 740 371	70 944 791		70 944 791	64 740 371
3 872 220	1 487 556		1 487 556	3 872 220
13 563	13 802		13 802	13 563
17 988 380	17 749 723		17 749 723	17 988 380
5 884 381	7 785 610		7 785 610	5 884 381
9 522 532	13 705 274		13 705 274	9 522 532
587 853 750	445 785 691	19	445 785 691	587 853 750
25 012 285	28 262 507	20	28 262 507	25 012 285
7 737 560	17 358 104		17 358 104	7 737 560
(1 113 086)	(16 835 501)		(16 835 501)	(1 113 086)
1 672 649 495	1 918 344 210		1 958 544 591	1 709 902 679
EXPENDITURE				
244 583 513	173 980 300	21	173 980 300	244 583 513
15 532 004	16 907 840	22	16 907 840	15 532 004
180 600 000	232 829 000		232 829 000	180 600 000
7 556 397	4 808 057		4 808 057	7 556 397
74 563 319	98 771 042		121 156 923	96 945 333
28 534 431	28 966 818		28 966 818	28 534 431
14 487 270	13 300 150	23	44 924 004	47 517 028
478 584 761	783 019 168	24	773 032 403	467 496 964
60 469 217	69 354 717		63 541 073	56 211 937
348 720	248 299	25	248 299	348 720
410 226 101	339 371 814	26	341 296 638	412 723 813
1 515 465 733	1 761 557 204		1 801 691 355	1 558 050 140
SURPLUS FOR THE YEAR				
157 183 764	156 787 008		156 853 237	151 852 539

Refer to Appendix E(1) for the comparison with the approved budget

Refer to Appendix E(1) for the comparison with the approved budget

RUSTENBURG LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2010

	Pre-GAMAP Reserves and Funds	Housing Develop. Fund (Internal)	Housing Develop. Fund (Grant)	Capital Replacement Reserve	Capitalization Reserve	Government Grant Reserve	Donations and Public Contribution Reserve	Self- Insurance Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R	R	R	R	R	R	R
2009										
Balance at 30 June 2008	5 280 412	11 098 657	211 405 143	216 882 027	382 800 161	21 875 000	222 884 470	1 094 097 094		
Change in offsetting of depreciation	-	-	-	29 108 696	6 039 211	739 391	-	(35 887 298)	-	-
Restated balance 1 July 2008	5 280 412	11 098 657	211 405 143	245 990 723	388 839 372	21 875 000	222 884 470	1 058 210 796		
Surplus/(deficit) for the year	-	-	-	-	-	-	-	-	-	-
Transfer to CRR	-	-	-	-	-	-	-	-	-	-
Capital grants used to purchase PPE	-	-	29 408 000	-	-	-	-	-	-	-
Contribution from Acc.Surplus: Assets purchased	-	-	(41 211 357)	-	-	-	-	-	-	-
Contribution from Acc.Surplus: Assets purchased	-	-	-	-	-	-	-	-	-	-
Contribution to Insurance Reserve - Vehicles	-	-	-	-	-	-	-	-	-	-
Contribution to Insurance Reserve	-	-	-	-	-	-	-	-	-	-
Contribution from Insurance Reserve	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in Housing Development Fund	-	-	-	-	-	-	-	-	-	-
Transfer to Housing Development Fund	-	-	-	-	-	-	-	-	-	-
Contribution to 2010 FIFA World Soccer-Interest	-	-	-	-	-	-	-	-	-	-
Contributions to Funds and Reserves-Interest	-	-	-	-	-	-	-	-	-	-
Asset disposals	-	-	-	-	-	-	-	-	-	-
Offsetting of depreciation	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2009	5 923 566	16 462 035	225 352 054	221 361 530	512 249 471	27 158 600	219 763 188	1 256 697 079		
2010										
Adjustment of asset values disclosed previously	-	-	-	-	-	-	-	-	-	-
Correction of previous year performance statement(note 27)	-	-	-	-	-	-	-	-	-	-
Contribution to CRR approved by NER	-	-	-	-	-	-	-	-	-	-
Change in offsetting of depreciation	-	-	-	-	-	-	-	-	-	-
Restated balance	5 923 566	16 462 035	243 877 383	225 831 006	517 509 343	27 158 599	201 243 419	1 260 433 302		
Surplus/(deficit) for the year	-	-	-	-	-	-	-	-	-	-
Transfer to CRR	-	-	-	-	-	-	-	-	-	-
Capital grants used to purchase PPE	-	-	101 870 588	-	-	-	-	-	-	-
Contribution from Acc.Surplus: Assets purchased	-	-	(80 311 267)	-	-	-	-	-	-	-
Contribution from Acc.Surplus: Assets purchased	-	-	-	-	-	-	-	-	-	-
Contribution from Acc.Surplus: Assets purchased	-	-	-	-	-	-	-	-	-	-
Contribution to Insurance Reserve - Vehicles	-	-	-	-	-	-	-	-	-	-
Contribution to Insurance Reserve	-	-	-	-	-	-	-	-	-	-
Contribution from Insurance Reserve	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in Housing Development Fund	-	-	-	-	-	-	-	-	-	-
Contribution to 2010 FIFA World Soccer-Interest	-	-	-	-	-	-	-	-	-	-
Contributions to Funds and Reserves-Interest	-	-	-	-	-	-	-	-	-	-
Asset disposals	-	-	-	-	-	-	-	-	-	-
Offsetting of depreciation	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2010	6 351 839	15 384 899	281 729 676	198 333 945	526 407 856	30 538 330	224 871 108	1 415 056 490		

RUSTENBURG LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2010 - GROUP

	Pre-GAMAP Reserves and Funds	Housing Develop. Fund (Internal)	Housing Develop. Fund (Grant)	Capital Replacement Reserve	Capitalization Reserve	Government Grant Reserve	Donations and Public Contribution Reserve	Self- Insurance Reserve	Accumulated Surplus/ Contribution (Deficit)	Total
	R	R	R	R	R	R	R	R	R	R
2009										
Balance at 30 June 2008	-	5 280 412	11 098 657	211 406 143	216 882 027	382 800 161	21 870 225	21 875 000	230 246 195	1 101 458 819
Change in offsetting of depreciation	-	-	-	-	29 108 696	6 039 211	739 391	-	(35 887 299)	-
Restated balance 1 July 2008	-	5 280 412	11 098 657	211 406 143	245 990 723	388 839 372	22 609 616	21 875 000	194 358 897	1 101 458 819
Surplus/(deficit) for the year	-	-	-	-	-	-	-	-	152 974 702	152 974 702
Transfer to CRR	-	-	-	29 408 000	-	-	-	-	(29 408 000)	-
Capital grants used to purchase PPE	-	-	-	(41 211 357)	-	-	-	-	41 211 357	-
Contribution from Acc.Surplus: Assets purchased	-	-	-	-	-	149 684 373	-	-	(149 684 373)	-
Contribution from Acc.Surplus: Assets purchased	-	-	-	-	-	-	8 319 785	-	(8 319 785)	-
Contribution to Insurance Reserve - Vehicles	-	-	-	-	-	-	-	229 500	(229 500)	-
Contribution to Insurance Reserve	-	-	-	-	-	-	-	2 842 742	(2 842 742)	-
Contribution from Insurance Reserve	-	-	-	-	-	-	-	(453 017)	453 017	-
Increase/(decrease) in Housing Development Fund	-	-	-	-	-	-	-	-	-	4 284 060
Transfer to Housing Development Fund	-	-	-	-	-	-	-	-	-	-
Contribution to 2010 FIFA World Soccer-Interest	-	643 154	1 069 318	25 749 268	(351 536)	-	-	2 684 375	(30 128 145)	-
Contributions to Funds and Reserves-Interest	-	-	-	-	(24 277 657)	(26 274 274)	(2 502 765)	-	351 536	-
Asset disposals	-	-	-	-	-	-	-	-	53 054 696	-
Offsetting of depreciation	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2009	-	5 923 566	16 462 035	225 352 054	221 361 530	512 249 471	28 428 636	27 158 600	221 793 690	1 258 727 581
2010										
Adjustment of asset values disclosed previously	-	-	-	-	4 858 383	-	-	-	-	4 858 383
Correction of previous year performance statement(note 27)	-	-	-	18 525 339	-	-	-	-	(1 122 161)	-
Contribution to CRR approved by NER	-	-	-	-	(388 907)	(740 128)	1 304	-	(18 525 339)	-
Change in offsetting of depreciation	-	-	-	-	-	-	-	-	1 127 731	-
Restated balance	-	5 923 566	16 462 035	243 877 393	225 831 006	511 509 343	28 427 940	27 158 599	203 273 923	1 262 463 806
Surplus/(deficit) for the year	-	-	-	-	-	-	-	-	156 853 237	156 853 237
Transfer to CRR	-	-	-	101 870 588	-	-	-	-	(101 870 588)	-
Capital grants used to purchase PPE	-	-	-	(80 311 267)	-	-	-	-	80 311 267	-
Contribution from Acc.Surplus: Assets purchased	-	-	-	-	-	150 811 750	-	-	(150 811 750)	-
Contribution from Acc.Surplus: Assets purchased	-	-	-	-	-	-	6 228 522	-	(6 228 522)	-
Contribution to Insurance Reserve - Vehicles	-	-	-	-	144 570	-	-	229 500	(144 570)	-
Contribution to Insurance Reserve	-	-	-	-	-	-	-	2 593 194	(2 593 194)	-
Contribution from Insurance Reserve	-	-	-	-	-	-	-	(1 406 531)	1 406 531	-
Increase/(decrease) in Housing Development Fund	-	-	(1 991 325)	-	-	-	-	-	-	(1 991 325)
Contribution to 2010 FIFA World Soccer-Interest	-	429 273	914 189	16 292 953	(209 170)	(1 342)	(3 217 625)	1 963 567	(172 494)	-
Contributions to Funds and Reserves-Interest	-	-	-	-	(27 432 461)	(35 911 896)	-	-	(19 598 982)	-
Asset disposals	-	-	-	-	-	-	-	-	210 512	-
Offsetting of depreciation	-	-	-	-	-	-	-	-	86 561 982	-
Balance at 30 June 2010	-	6 351 839	15 384 899	281 729 676	198 333 945	626 407 856	31 436 837	30 538 330	226 967 840	1 417 153 221

RUSTENBURG LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

MUNICIPALITY				GROUP	
2009 Restated R	2010 R		Note	2010 R	Restated 2009 R
CASH FLOW FROM OPERATING ACTIVITIES					
1 459 539 480	1 743 876 746	Cash receipts from ratepayers, government and other		1 778 960 048	1 492 575 357
(1 352 029 612)	(1 686 660 066)	Cash paid to suppliers and employees		(1 663 354 364)	(1 334 769 737)
107 509 688	57 216 680	Cash generated from/(utilized in) operations	28	115 605 684	157 805 620
17 988 380	17 749 723	Royalties		(14 074 106)	17 988 380
13 563	13 802	Dividends received		13 802	13 563
136 690 943	112 709 655	Interest received		116 792 867	140 719 145
(14 467 270)	(13 310 151)	Interest paid		(13 110 176)	(47 517 028)
<u>247 735 284</u>	<u>174 379 709</u>	NET CASH FROM OPERATING ACTIVITIES		<u>205 228 071</u>	<u>269 009 680</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
(249 215 516)	(237 496 101)	Purchase of property, plant and equipment		(237 496 199)	(249 505 516)
7 737 560	17 358 104	Proceeds on disposal of property, plant and equipment		17 358 104	7 737 560
(1 326 692)	940 604	(Increase)/decrease in non-current receivables		940 604	(1 326 692)
66 414 319	-	Increase in non-current investments		-	66 414 319
<u>(176 390 328)</u>	<u>(219 197 394)</u>	NET CASH FROM INVESTING ACTIVITIES		<u>(219 197 492)</u>	<u>(176 680 329)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
(1 998 434)	(3 311 200)	New loans repaid		(12 528 627)	(10 138 935)
2 109 711	593 675	Increase in consumer deposits		593 675	2 109 711
<u>111 277</u>	<u>(2 717 525)</u>	NET CASH FROM FINANCING ACTIVITIES		<u>(11 934 952)</u>	<u>(8 029 224)</u>
<u>71 456 232</u>	<u>(47 535 210)</u>	NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>(25 904 373)</u>	<u>84 300 126</u>
535 953 386	607 409 618	Cash and cash equivalents at the beginning of the year	29	657 657 134	573 357 008
607 409 618	559 874 408	Cash and cash equivalents at the end of the year	29	631 752 761	657 657 134
<u>(71 456 232)</u>	<u>47 535 210</u>			<u>25 904 373</u>	<u>(84 300 126)</u>

RUSTENBURG LOCAL MUNICIPALITY

GENERAL INFORMATION TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

JUNE 2010

EXECUTIVE MAYOR	Jeannete Dibetso-Nyathi
SPEAKER	Shiela Shirley Kgomoiso Mabale-Huma
CHIEF WHIP	Sabelo Ezra Mdangai

MEMBERS OF THE MAYORAL COMMITTEE

Olga Rejang Chauke –	LED & 2010
Nosipho Bridget Babe –	Special Projects
Lindi Basetsana Ngqobo –	Trade affairs
Jabulile Nxumalo –	IDP and Rural Development
Kgomotso Philemon Khunou –	Corporate Services
Boipelo Brillind Marekoa –	Community Development Service
Amos Lekgotla Mataboge –	Planning and Human Settlement
Mina Lisiwe Mpengu –	Public Safety
Davis Titi Pilane –	Technical Infrastructure Services
Abram Sonny Sematu –	Budget and Treasury

AUDITORS The Auditor – General

BANKERS ABSA Bank

REGISTERED OFFICE	Cnr Beyers Naude	PO Box 550
	& Nelson Mandela	Rustenburg
	Drive	0300
	Rustenburg	
	0300	

MUNICIPAL MANAGER R T R Ramatlhabe (Acting)

CHIEF FINANCIAL OFFICER J Van Wyk (Acting)

LEGAL FORM AND JURISDICTION

The municipality is an organ of state within the local sphere of government exercising legislative and executive authority within an area determined in terms of the Local Government: Municipal Demarcation Act 1998.

MISSION AND PRINCIPLE ACTIVITIES

The Rustenburg Local Municipality was established by North West Provincial Gazette No 5574 dated 29 September 2000 in terms of Section 12 of the Municipal Structures Act, Act 117 of 1998. In accordance with this notice, existing municipalities were disestablished and the new Rustenburg Local Municipality came into being.

The mission of the municipality is to enhance quality of life by providing affordable services equitably and facilitate economic growth & encouraging community participation.

The municipality's main functions include, but are not limited to, infrastructure development and access to basic services; social development; local economic development and job creation; disaster and risk management; and housing.

GOVERNING LEGISLATION

The Municipality is mainly governed by the following legislation and any subsequent amendments:

Constitution of the Republic of South Africa
Municipal Structures Act 117 of 1998
Municipal Systems Act 32 of 2000
Municipal Finance Management Act 56 of 2003
Municipal Property Rates Act 6 of 2004
Intergovernmental Relations Framework Act 13 of 2005

**RUSTENBURG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

1. BASIS OF PRESENTATION

The consolidated annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These consolidated annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period.

2. CONSOLIDATION

The consolidated financial statements include the assets, liabilities and results of the operations of the Rustenburg Local Municipality and its entity ('the Group').

Rustenburg Water Services Trust

Rustenburg Local Municipality has a 100% interest in the municipal entity. The consolidated annual financial statements account for the Municipality's share of net assets in the entity and eliminate transactions between the Municipality and the entity.

3. PRESENTATION CURRENCY

These Consolidated Annual Financial Statements are presented in South African Rand.

4. GOING CONCERN ASSUMPTION

These Consolidated Annual Financial Statements have been prepared on a going concern basis.

5. HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

**RUSTENBURG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

6. RESERVES

6.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR. The following provisions are set for the creation, feasibility and utilization of the CRR:

- The cash funds which back up the CRR are invested until utilized. The cash may only be invested in accordance with the investment policy of the Municipality.
- The CRR can only be utilised to finance items of property, plant and equipment and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the accumulated surplus is credited by a corresponding amount. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilised.
- Profit on the sale of land during a financial year is reflected in the Statement of Financial Performance. Profit on the sale of land more than budgeted is transferred annually via the Statement of Changes in Net Assets to the CRR, provided that it cash backed.

The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

6.2 Capitalisation Reserve

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus in terms of a directive (budget circular) issued by National Treasury.

The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus.

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus.

6.3 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial

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Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus.

The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus via the Statement of Changes in Net Assets.

6.4 *Public Contributions Reserve*

When items of property, plant and equipment are financed from donations or public contributions, a transfer is made from the accumulated surplus to the Public Contributions Reserve equal to the donations or public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Public Contributions Reserve to the accumulated surplus.

The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from donations and public contributions is disposed, the balance in the Public Contributions Reserve relating to such item is transferred to the accumulated surplus.

6.5 *Self-Insurance Reserve*

The Municipality has a Self-Insurance Reserve to set aside amounts to offset potential losses or claims that cannot be insured externally and/or cover the cost of excess payments when claims arise on assets insured externally.

The balance of the Self-Insurance Reserve is annually determined and adjusted after the compilation of the Annual Financial Statements to at least 2,5% of the carrying value of property, plant and equipment on 30 June, subject to the past claims history and the insurance risk carried by the Municipality. The Self-Insurance Reserve is maintained by a transfer to the accumulated surplus. Short-term investments are earmarked and set aside to ensure that the reserve is cash backed.

Claims and/or excess payments are settled by transferring a corresponding amount from the self-insurance reserve to the accumulated surplus.

Interest earned on the balance of the Self-Insurance Reserve is recorded as interest earned in the Statement of Financial Performance and is transferred to the Self-Insurance Reserve via the Statement of Changes in Net Assets as a contribution.

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7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- The cost of the item can be measured reliably.

Property, plant and equipment are initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the

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cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment are stated at cost less accumulated depreciation. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:-

	<u>Years</u>
<i>Infrastructure</i>	
Roads	30
Paving	20
Electricity	20-30
Water	15-20
Sewerage	20 - 30
<i>Housing</i>	30
<i>Buildings</i>	30
<i>Other</i>	
Other vehicles	5
Office equipment	3-7
Computer equipment & software	2-5
Specialist vehicles	7
Security	5
Furniture and fittings	5-7
Bins and containers	5
Specialised plant and equipment	10-15
Other items of plant and equipment	2-5
Landfill sites	30
<i>Community</i>	
Buildings	30
Recreational Facilities	20-30

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The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

The useful life and residual value of assets are assessed annually to determine the appropriateness of management's initial estimate. If the expectations differ from the previous estimates, the change is accounted for as a change in accounting estimate.

Residual values are applied to the following classes at the specified rates:

Vehicles: 30% of the original cost price

Furniture, fittings and office equipment: 10% of the original cost price

Computers: 10% of the original cost price

Infrastructure: Nil, due to the fact that it is not the intention to ever sell infrastructure assets.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

8. INVENTORIES

Consumable stores, raw materials, work-in-progress and finished goods are initially valued at cost and subsequently valued at the lower of cost and net realisable value. In general, the basis of determining cost is the first-in, first-out method.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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9. INVESTMENTS IN FINANCIAL INSTRUMENTS

Initial Recognition

Financial Instruments are initially recognised at fair value

Subsequent Measurement

Financial Assets are categorized according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorized as either at fair value through profit or loss or financial liabilities carried at amortized cost. The subsequent measurement of financial assets and liabilities depends on their categorization and, in the absence of an approved GRAP standard on Financial Instruments, is in accordance with IAS 39.

Debtors

Debtors are recognised at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for impairment. A provision for impairment of debtors is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of the debtors. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. Impairment losses are recognised in the statement of financial performance.

An estimate is made for doubtful debts based on the categorization of debts and a review of the past trends in collection rates applied to all outstanding amounts at year end.

Creditors

Trade payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

Cash and cash equivalents

These are initially and subsequently recorded at fair value. For cash flow purposes, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. These are subject to an insignificant risk of changes in value.

Borrowings and other financial liabilities

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. The Municipality does not hold financial loans for trading purposes.

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10. REVENUE RECOGNITION

10.1 Revenue from Exchange Transactions

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or their equivalents are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportion basis.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

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10.2 Revenue from non-exchange transactions

Non exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- There has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

Fines

Revenue from the issuing of fines is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The amount of the revenue can be measured reliably.

The municipality has two types of fines: spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non payment by the offender. An estimate is made for the revenue amount collected from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue from summonses is recognised when the public prosecutor pays over to the entity the cash actually collected on summonses issued.

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and

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- To the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a reimbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- To the extent that there has been compliance with any restrictions associated with the grant.

If goods in kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

11. PROVISIONS

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- A reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 39.

12. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

13. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

14. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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15. FOREIGN CURRENCIES

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

16. LEASES

The Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due.

The Municipality as Lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

17. RETIREMENT BENEFITS

Short term employee benefits

The cost of short term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

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Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to industry managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method. Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognised when the municipality is demonstrably committed to curtailment or settlement. When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Other post retirement obligations

The municipality provides post retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

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18. BORROWING COSTS

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

19. COMPARATIVE INFORMATION

19.1 Current year comparatives:

Budgeted amounts have been included in the Consolidated Annual Financial Statements for the current financial year only.

19.2 Prior year comparatives:

When the presentation or classification of items in the Consolidated Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

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MUNICIPALITY		GROUP	
2009	2010	2010	Restated 2009
R	R	R	R
1 HOUSING DEVELOPMENT FUND			
	21 736 738	21 736 738	22 385 601
Housing Development Fund	13 110 789	13 110 789	14 655 035
Unappropriated Surplus	2 274 110	2 274 110	1 807 001
Retention: Housing	6 351 839	6 351 839	5 923 565
Loans extinguished by Government on 1 April 1998 (Old Housing Development Fund)			
The Housing Development Fund is represented by the following assets and liabilities			
Bank Account	20 367 009	20 367 009	21 139 776
Unspecified income related to Housing	-	-	-
Interest transferred from Accumulated Surplus	428 274	428 274	643 154
Debtors - VAT claimable	499 257	499 257	622 821
Creditors-Housing	-	-	-
Other	442 198	442 198	(20 151)
Housing - retention	-	-	-
Adjustments to VAT pay over	-	-	-
Amount to be carried from Primary Account to ring fence housing	-	-	-
Total Housing Development Fund Assets and Liabilities	21 736 738	21 736 738	22 385 601
2 LONG-TERM LIABILITIES			
Other long-term loans	48 933 919	48 933 919	50 000 000
- INCA Loan	16 648 710	16 648 710	17 489 155
- ABSA Loan - First draw down	17 501 345	17 501 345	18 246 791
- ABSA Loan - Second draw down	18 257 326	18 257 326	18 916 554
- ABSA Loan - Third and final draw down	-	-	-
Rustenburg Water Services Trust (RWST) liabilities	245 652 135	245 652 135	254 808 065
- ABSA loan - Capital and capitalized interest	-	-	-
Sub-total	101 341 300	101 341 300	359 460 555
Less : Current portion transferred to current liabilities	3 746 458	3 746 458	12 464 917
- INCA loan - Redeemable 29 February 2024	-	1 242 511	1 066 081
- ABSA Loan - First draw down - 30 June 2005	1 242 511	937 560	840 445
- ABSA Loan - Second draw down - 30 June 2006	937 560	831 372	745 446
- ABSA Loan - Third and final draw down - 30 June 2007	831 372	735 015	659 228
- ABSA Loan (RWST)	735 015	10 349 409	9 153 717
Total External Loans	97 594 842	97 594 842	346 955 638

Refer to Appendix A for more detail on long-term liabilities

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MUNICIPALITY

2009 2010

GROUP Restated
2009

INCA Loan
Bears interest at 13.82% per annum and repayable in equal instalments of R4 002 068 at the end of February and August every year, with the last instalment payable on 29 February 2024.

ABSA Loan
Bears respectively interest from first draw down at 11.92%, 12.02% and 12.14% and is repayable within 15 years from drawdown.

ABSA Loan: Entity
The loan is secured by:
• a general notarial bond over the movable assets of the Trust,
• cession of the Rustenburg Lease Agreement
• the Debt Service Reserve Account, the Contingency Reserve Account and the Industrial Contingency Reserve Account.

The loan bears interest at a rate, 12.34% NACM and is repayable over a period of 15 years.

3 NON-CURRENT PROVISIONS

1 000 000	996 576	1 000 000
4 950 000	5 445 000	4 950 000
184 235 189	101 374 902	184 235 189
190 185 189	107 816 478	190 185 189

Provision for long-service
Provision for Rehabilitation of Landfill sites
Provision for post-retirement medical expenses
Total Non-Current Provisions

The long-service award is payable after every 5 years of continuous service.
The provision is an estimate of the long-service based on historical staff turnover.

The movement in the provision for long-service awards, are reconciled as follows:

977 239	1 234 020	977 239
256 781	(3 424)	256 781
-	-	-
(234 020)	(234 020)	(234 020)
1 000 000	996 576	1 000 000

Balance at beginning of year
Contributions to provision
Expenditure incurred/leave taken
Transfer to current provisions
Balance at end of year

RUSTENBURG LOCAL MUNICIPALITY
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MUNICIPALITY		GROUP	
		2010	Restated 2009
<p>The movement in the provision for rehabilitation of landfill sites, are reconciled as follows:</p>			
	2009	2010	
Balance at beginning of year	4 500 000	4 950 000	4 500 000
Contributions to provision	450 000	495 000	450 000
Expenditure incurred	-	-	-
Transfer to current provisions	-	-	-
Balance at end of year	4 950 000	5 445 000	4 950 000
<p>The movement in the provision for post-retirement medical costs, are reconciled as follows:</p>			
	2009	2010	
Balance at beginning of year	153 489 747	184 235 189	153 489 747
Current service cost	13 325 435	13 325 435	13 325 435
Interest cost	17 682 301	18 653 000	17 682 301
Benefits paid	(2 738 979)	(2 695 300)	(2 738 979)
Actuarial Loss/Gain	5 489 562	(108 829 258)	5 489 562
Transfer to current provisions	(3 012 877)	(3 314 164)	(3 012 877)
Balance at end of year	184 235 189	101 374 902	184 235 189
Summary of assumptions			
Gross Discount Rate		9.50%	
Healthcare cost inflation		7.75%	
Post Retirement Mortality table		PA (90)	
<p>The provision is made in light of the rule that continuation members receive a 60% subsidy of medical aid contributions in retirement. The spouse and child dependants of a contribution member are entitled to 60% subsidy of their contributions in the event of a principal member's death.</p>			
<p>Actuarial gains and losses are recognised in the reporting period in which they arise.</p>			
4 CONSUMER DEPOSITS			
	2009	2010	
Electricity and Water	21 769 433	22 363 107	21 769 433
No interest are paid on consumer deposits received.			
Guarantees held in lieu of Electricity and Water Deposits	30 864 153	30 598 953	30 664 153

RUSTENBURG LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

MUNICIPALITY

2009	2010		GROUP	Restated 2009
5 PROVISIONS				
234 020	234 020	Current portion of long-service provision (see note 3 above)	234 020	234 020
-	-	Current portion of rehabilitation of landfill site (see note 3 above)	-	-
3 012 877	3 314 164	Provision for post-retirement medical expenses (see note 3 above)	3 314 164	3 012 877
<u>3 246 897</u>	<u>3 548 184</u>	Total Provisions	<u>3 548 184</u>	<u>3 246 897</u>
The movement in the current portion of long-service provisions are reconciled as follows:				
3 716 218	3 246 897	Balance at beginning of year	3 246 897	3 716 218
3 012 877	3 314 164	Transfer from non-current	3 314 164	3 012 877
(3 482 198)	(3 012 877)	Contributions to provision	(3 012 877)	(3 482 198)
-	-	Expenditure incurred / leave taken	-	-
<u>3 246 897</u>	<u>3 548 184</u>	Balance at end of year	<u>3 548 184</u>	<u>3 246 897</u>
6 CREDITORS				
112 636 363	136 790 296	Trade creditors	151 571 368	117 756 197
19 204 166	19 371 383	Payments received in advance	19 371 383	19 204 166
23 349 659	40 713 500	Retentions	40 713 500	23 349 659
14 668 358	16 370 274	Staff leave	16 370 274	14 668 358
16 404 168	13 139 977	Unspecified income/unallocated grants	13 139 977	16 404 168
11 665 472	18 149 365	Other creditors	18 149 365	11 665 472
<u>197 948 185</u>	<u>246 534 797</u>	Total Creditors	<u>261 315 867</u>	<u>203 068 019</u>

RUSTENBURG LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

MUNICIPALITY	GROUP	
	2010	Restated 2009
7 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
<i>7.1 Conditional Grants from other spheres of Government</i>		
MIG Grants	38 223 241	24 068 426
Bojanala Platinum District Municipality	400 000	400 000
Finance Management Grant	3 493 774	3 589 141
Public Transport Infrastructure	-	22 667 394
Other conditional grants - Upgrading of fire stations	7 152 132	8 000 000
DASA - Tlhabane Library Grant	666 659	666 659
DSAC - Library, information & educational network Grant	(55 208)	622 677
Umsobomvu Youth Fund	3 910 914	-
FIFA 2010 World Cup - See also note 16.3	18 362 616	3 738 419
FIFA 2010 World Cup - See also note 16.3	139 224	4 494 029
MSIP Grant	472 577	278 327
IMMIS Grant	93 168	-
DWAF; refurbishment of Transfer Assets	534 873	93 168
DWAF Greening Strategy	860 985	-
Magalies Water	96 348	-
SEED funding	-	1 123 427
DWAF - Water Services Development Plan	704 000	-
DMIE - Botlekong	-	6 868 628
<i>7.2 Other Conditional Receipts</i>		
Mines	480 655	194 992
Public contributions	29 303	1 431 209
Total Conditional Grants and Receipts	75 565 261	78 236 496
See Note 19 for reconciliation of grants from other spheres of government. These amounts are not yet invested in a ring-fenced investment until utilized.		
8 VAT		
Net VAT payable	63 411 437	44 738 016
43 835 698	62 768 349	

VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.

RUSTENBURG LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

9. PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2010

Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Community	Heritage	Other	Housing (Rental Old Age)	Leased Infrastructure	Total
	R	R	R	R	R	R	R	R
Carrying values at 1 July 2009	150 969 123	772 404 367	57 632 958	429 115	105 635 945	3 276 228	-	1 090 348 736
Cost after reclassification	187 248 637	1 164 183 500	108 987 959	429 115	224 805 155	4 753 493	-	1 690 407 859
Cost	187 248 637	1 164 548 406	108 987 959	429 115	219 946 763	4 753 493	-	1 695 914 433
Correction of reclassification	-	(364 966)	-	-	4 858 392	-	-	4 493 426
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation after	36 279 514	391 779 133	51 355 001	-	119 168 210	1 477 265	-	600 059 123
Cost	36 279 514	390 825 359	51 355 001	-	119 168 210	1 477 265	-	599 105 349
Change in useful life estimate	-	953 774	-	-	-	-	-	953 774
Revaluation	-	-	-	-	-	-	-	-
Acquisitions	2 774 049	64 382 403	104 015	-	21 146 121	-	-	88 406 588
Capital under Construction	-	149 089 513	-	-	-	-	-	149 089 513
Increases/decreases in revaluation	-	-	-	-	-	-	-	-
Depreciation	3 619 637	64 550 654	3 807 576	-	26 649 867	143 306	-	98 771 042
- based on cost	3 619 637	64 550 654	3 807 576	-	26 649 867	143 306	-	98 771 042
- based on revaluation	-	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	(665 780)	-	-	(665 780)
Cost/revaluation	-	-	-	-	(2 842 588)	-	-	(2 842 588)
Accumulated depreciation	-	-	-	-	2 176 808	-	-	2 176 808
Impairment losses	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
Carrying values at 30 June 2010	150 123 535	921 325 628	53 929 387	429 115	99 467 418	3 132 922	-	1 228 408 015
Cost	190 022 696	1 377 655 416	109 091 974	429 115	243 106 687	4 753 493	-	1 926 061 372
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation	39 899 151	456 329 787	55 162 577	-	143 641 270	1 620 571	-	696 653 357
- Cost	39 899 151	456 329 787	55 162 577	-	143 641 270	1 620 571	-	696 653 357
- Revaluation	-	-	-	-	-	-	-	-

30 JUNE 2009

Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Community	Heritage	Other	Housing (Rental Old Age)	Leased Infrastructure	Total
	R	R	R	R	R	R	R	R
Carrying values at 1 July 2008	107 663 762	651 209 783	52 567 268	429 115	96 285 743	3 419 632	-	911 555 303
Cost after reclassification	140 220 526	998 296 919	100 248 504	429 115	193 736 071	4 753 493	-	1 437 684 628
Cost	140 220 526	998 296 919	100 248 504	429 115	193 736 071	4 753 493	-	1 437 684 628
Correction of reclassification	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation after	32 556 764	347 087 136	47 681 236	-	97 470 328	1 333 861	-	526 129 325
Cost	31 694 766	378 724 295	48 194 647	-	103 563 851	1 333 861	-	563 511 422
Change in useful life estimate	861 996	(31 637 159)	(513 411)	-	(8 093 623)	-	-	(37 382 097)
Correction of reclassification	-	-	-	-	-	-	-	-
Acquisitions	47 320 596	98 844 628	8 739 455	-	26 903 264	-	-	181 807 943
Previous year error - stands not previously reflected	-	67 406 919	-	-	-	-	-	67 406 919
Correction of reclassification	-	(364 966)	-	-	4 858 392	-	-	4 493 426
Increases/decreases in revaluation	-	-	-	-	-	-	-	-
Depreciation	3 811 307	44 691 997	3 673 765	-	22 242 846	143 404	-	74 563 319
- based on cost	3 811 307	43 738 223	3 673 765	-	22 242 846	143 404	-	73 609 545
- change in useful life assessment	-	953 774	-	-	-	-	-	953 774
Carrying value of disposals	(203 928)	-	-	-	(147 608)	-	-	(351 536)
Cost/revaluation	(292 485)	-	-	-	(682 572)	-	-	(985 057)
Accumulated depreciation	88 557	-	-	-	544 964	-	-	633 521
Impairment losses	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
Carrying values at 30 June 2009	150 969 123	772 769 333	57 632 958	429 115	105 635 945	3 276 228	-	1 090 348 736
Cost	187 248 637	1 164 548 406	108 987 959	429 115	224 805 155	4 753 493	-	1 690 407 859
Adjustment to cost (note 27)	-	-	-	-	-	-	-	-
Accumulated depreciation	36 279 514	391 779 133	51 355 001	-	119 168 210	1 477 265	-	600 059 123
- Cost	36 279 514	390 825 359	51 355 001	-	119 168 210	1 477 265	-	599 105 349
- change in estimate	-	953 774	-	-	-	-	-	953 774

RUSTENBURG LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

9. PROPERTY, PLANT AND EQUIPMENT - GROUP

30 JUNE 2010

Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Community	Heritage	Other	Housing (Rental Old Age)	Leased infrastructure	Total
	R	R	R	R	R	R	R	R
Carrying values at 1 July 2009	145 085 115	1 000 558 919	57 632 958	429 115	89 593 563	3 276 228	3 361 081	1 299 936 979
Cost after reclassification	187 538 637	1 435 164 729	108 987 959	429 115	224 805 155	4 753 493	4 115 610	1 965 794 698
Cost	187 538 637	1 435 164 729	108 987 959	429 115	224 805 155	4 753 493	4 115 610	1 965 794 698
Correction of reclassification	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation after	42 453 522	434 605 810	51 355 001	-	135 211 592	1 477 265	754 529	665 857 719
Cost	42 453 522	434 605 810	51 355 001	-	135 211 592	1 477 265	754 529	665 857 719
Change in useful life estimate	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Acquisitions	2 774 049	64 362 403	104 015	-	21 146 121	-	98	88 406 686
Capital under Construction	-	149 089 513	-	-	-	-	-	149 089 513
Increases/decreases in revaluation	-	-	-	-	-	-	-	-
Depreciation	3 619 637	86 771 911	3 807 576	-	26 649 867	143 306	164 624	121 156 923
- based on cost	3 619 637	86 771 911	3 807 576	-	26 649 867	143 306	164 624	121 156 923
- based on revaluation	-	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	(665 780)	-	-	(665 780)
Cost/revaluation	-	-	-	-	(2 842 568)	-	-	(2 842 568)
Accumulated depreciation	-	-	-	-	2 176 808	-	-	2 176 808
Impairment losses	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
Carrying values at 30 June 2010	144 239 527	1 127 258 923	53 929 397	429 115	83 424 036	3 132 922	3 196 555	1 415 610 476
Cost	180 312 685	1 648 636 645	106 591 974	429 115	243 106 687	4 753 493	4 115 708	2 200 448 309
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation	46 073 159	521 377 721	55 162 577	-	159 684 652	1 620 571	919 153	784 837 834
- Cost	46 073 159	521 377 721	55 162 577	-	159 684 652	1 620 571	919 153	784 837 834
- Revaluation	-	-	-	-	-	-	-	-

30 JUNE 2009

Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Community	Heritage	Other	Housing (Rental Old Age)	Leased infrastructure	Total
	R	R	R	R	R	R	R	R
Carrying values at 1 July 2008	107 663 762	879 364 335	52 567 288	429 115	96 265 743	3 419 632	3 525 705	1 143 235 560
Cost after reclassification	140 220 526	1 269 278 148	100 248 504	429 115	193 736 071	4 753 493	4 115 610	1 712 781 467
Cost	140 220 526	1 269 278 148	100 248 504	429 115	193 736 071	4 753 493	4 115 610	1 712 781 467
Correction of reclassification	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation after	32 556 764	389 913 813	47 681 295	-	97 470 328	1 333 861	589 905	569 545 037
Cost	31 684 768	421 050 972	48 164 647	-	103 563 851	1 333 861	589 905	606 328 034
Correction of reclassification	861 996	(31 637 159)	(513 411)	-	(6 098 523)	-	-	(37 382 097)
Revaluation	-	-	-	-	-	-	-	-
Acquisitions	47 610 596	98 844 628	8 739 455	-	26 903 264	-	-	182 097 943
Previous year error - stands not previously reflected	-	67 406 919	-	-	-	-	-	67 406 919
Correction of reclassification	-	(364 966)	-	-	4 858 392	-	-	4 493 426
Increases/decreases in revaluation	-	-	-	-	-	-	-	-
Depreciation	9 965 315	44 691 997	3 673 765	-	38 286 228	143 404	164 624	96 945 333
- based on cost	9 965 315	44 758 223	3 673 765	-	38 286 228	143 404	164 624	95 991 559
- change in estimate	-	953 774	-	-	-	-	-	953 774
Carrying value of disposals	(203 926)	-	-	-	(147 608)	-	-	(351 536)
Cost/revaluation	(292 485)	-	-	-	(692 572)	-	-	(985 057)
Accumulated depreciation	68 557	-	-	-	944 964	-	-	1 013 521
Impairment losses	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
Carrying values at 30 June 2009	145 085 115	1 000 558 919	57 632 958	429 115	89 593 563	3 276 228	3 361 081	1 299 936 979
Cost	187 538 637	1 435 164 729	108 987 959	429 115	224 805 155	4 753 493	4 115 610	1 965 794 698
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation	42 453 522	434 605 810	51 355 001	-	135 211 592	1 477 265	754 529	665 857 719
- Cost	42 453 522	434 605 810	51 355 001	-	135 211 592	1 477 265	754 529	664 903 945
- Revaluation	-	953 774	-	-	-	-	-	953 774

Leased assets consist Portion 4 of the farm Tweedeport 283JQ, commonly known as Bosport Treatment plant; a portion of portion 1 of Town and townlands of Rustenburg 272JQ, commonly known as Rustenburg Sewerage Treatment plant; and portions of the farms PTN54, PTN23, PTN 76, PTN22, PTN21, & PTN41 commonly known as Boitekong sewerage treatment plant

The assets are encumbered by a general notarial bond, as security for the loan referred to in Note 2.

RUSTENBURG LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	MUNICIPALITY		GROUP	
	Restated 2009 R	2010 R	2010 R	Restated 2009 R
10 INVESTMENTS				
Listed				
- Sanlam shares	90 728	90 728	90 728	90 728
Unlisted				
- Investment in Municipal Entities - at cost - Rustenburg Water Services Trust	1 000	1 000	-	-
Financial Instruments				
- Fixed Deposits	603 156	603 156	603 156	603 156
Total Investments	<u>694 884</u>	<u>694 884</u>	<u>693 884</u>	<u>693 884</u>
Market valuation of listed investments				
Sanlam shares	239 155	319 842	319 842	239 155
Council's valuation of unlisted investments				
Investment in Municipal Entity: Rustenburg Water Services Trust	1 000	1 000		
Investment in Municipal Entity: Rustenburg Water Services Trust (RWST)				
Percentage owned by Council (%)	100%	100%		
11 LONG-TERM RECEIVABLES				
Consumer debtors transferred to long-term debtors (Wa Wine-project)	1 489 440	2 310 760	2 310 760	3 188 353
Wa Wine-cost recovery project	118 668 353	117 810 760	117 810 760	118 668 353
Less: Provision for doubtful debts	(115 500 000)	(115 500 000)	(115 500 000)	(115 500 000)
Loans - Sale of Stands	458 522	437 117	437 117	458 522
Finance lease to Rustenburg Water Services Trust (Municipal Entity)	4 015 946	3 954 342	-	-
Individual Housing Building Scheme	-	-	-	-
Less: Current portion transferred to current receivables	7 642 822	6 702 216	2 742 876	3 826 876
Loans - Sale of Stands	(91 434)	(107 691)	(26 830)	(29 800)
Finance lease to Rustenburg Water Services Trust	(29 800)	(29 800)	(29 800)	(29 800)
Finance lease to Rustenburg Water Services Trust	(61 604)	(77 861)	-	-
Total Receivables	<u>7 551 387</u>	<u>6 564 527</u>	<u>2 716 045</u>	<u>3 557 045</u>
12 INVENTORY				
Consumable stores - at cost	396 818	736 055	736 055	396 818
Maintenance materials - at cost	19 263 522	20 387 732	20 387 732	19 263 522
Spare parts - at net realizable value	63 657	96 131	98 131	63 657
Protective clothing - at cost	357 819	755 210	755 210	357 819
Water - at cost	258 584	250 197	250 197	258 584
Unsold properties held for resale - at net realizable value	2 053 960	1 914 493	1 914 493	2 055 985
Total Inventory	<u>22 386 385</u>	<u>24 141 816</u>	<u>24 141 819</u>	<u>22 386 385</u>

The infrastructure portion of unsold properties held for resale was capitalized in accordance with the prescribed accounting standard. See note 27 for further detail.

MUNICIPALITY

2010

RUSTENBURG LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Restated 2006

2010

MUNICIPALITY

Restated 2009

2010

GROUP

CONSUMER DEBTORS: GROUP

As at 30 June 2010

Service debtors

Rates

Electricity

Water

Refuse

Sewerage

Other

As at 30 June 2009

Service debtors

Rates

Electricity

Water

Refuse

Sewerage

Other

Consumer debtors: Ageing - Wa Wina excluded

Current

30 Days (0 - 30 days)

31 - 60 Days

61 - 90 Days

91 - 120 Days

120+ Days

Total

Consumer debtors: Ageing - Wa Wina excluded

Current

30 Days (0 - 30 days)

31 - 60 Days

61 - 90 Days

91 - 120 Days

120+ Days

Total

RUSTENBURG LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	MUNICIPALITY	GROUP
	Restated 2009	2010 Restated 2009
15	SHORT-TERM FIXED DEPOSITS	
- ABSA	109 062 686	103 477 087
- Nedbank (CRR)	60 493 644	590 000
- First National Bank	103 904 634	62 227 619
- Sanlam (CRR)	35 492 525	84 190 690
- ABSA - Guarantee deposit	590 000	36 007 777
- Kagiso Asset Management (Self Insurance Reserve and Development of Housing)	35 140 943	123 256 867
- Standard Bank (CRR)	123 256 867	37 713 326
	<u>467 841 236</u>	<u>452 591 276</u>

Certain of the above deposits have been earmarked to cover the balance of the Capital Replacement Reserve (CRR), the Self-Insurance Reserve and Development of Housing. The average interest earned on these fixed deposits was 7.23% (2009: 12.18%)

16 BANK BALANCES AND CASH

16.1 Current Account (Primary Bank Account)		
ABSA, Rustenburg branch		
Account number: 1220 000 458	114 573 995	41 798 587
Cash book balance at beginning of year	<u>82 976 810</u>	<u>114 573 995</u>
Cash book balance at end of year		
Bank statement balance at beginning of year	169 961 279	99 099 207
Bank statement balance at end of year	<u>118 322 376</u>	<u>169 961 279</u>

The Municipality does not utilize overdraft facilities, although an overdraft facility of R1 468 863 has been granted by ABSA.

16.2 Housing Development Account		
ABSA, Rustenburg branch		
Account number: 405 461 7192	21 139 776	20 995 590
Cash book balance at beginning of year	<u>20 367 009</u>	<u>21 139 776</u>
Cash book balance at end of year		
Bank statement balance at beginning of year	21 331 297	21 339 700
Bank statement balance at end of year	<u>20 470 363</u>	<u>21 331 297</u>

16.3 2010 FFA World Soccer Bank account		
ABSA, Rustenburg branch		
Account number: 40-6760,2132	3 726 249	48 362 926
Cash book balance at beginning of year	<u>3 910 953</u>	<u>3 726 249</u>
Cash book balance at end of year		
Bank statement balance at beginning of year	39 239 784	52 362 926
Bank statement balance at end of year	<u>3 910 914</u>	<u>39 239 784</u>

RUSTENBURG LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

MUNICIPALITY	GROUP	
	2010	Restated 2009
16.4 Current Account (Primary Bank Account) - RWST		
ABSA, Distribution Reserve Account		
Account number: 4061024001		
Cash book balance at beginning of year		15 313 991
Cash book balance at end of year	440 679	440 679
Bank statement balance at beginning of year	18 542 502	440 679
Bank statement balance at end of year	53 204 320	53 204 320
Bank statement balance at end of year	18 542 502	53 204 320
The Trust does not have any overdraft facilities.		
16.5 Rustenburg Deposit Account - RWST		
ABSA, Rustenburg Deposit Account		
Account number: 4061023940		
Cash book balance at beginning of year	85 433	912 189
Cash book balance at end of year	-	85 433
Bank statement balance at beginning of year	85 433	912 189
Bank statement balance at end of year	-	85 433
16.6 Contingency Reserve Account - RWST		
ABSA, Contingency Reserve Account		
Account number: 4061024116		
Cash book balance at beginning of year	8 983 954	(46)
Cash book balance at end of year	9 638 535	8 983 954
Bank statement balance at beginning of year	8 983 954	(46)
Bank statement balance at end of year	9 638 535	8 983 954
16.7 Industrial Reserve Account - RWST		
ABSA, Industrial Reserve Account		
Account number: 4061024051		
Cash book balance at beginning of year	501 551	(46)
Cash book balance at end of year	537 206	501 551
Bank statement balance at beginning of year	501 551	(46)
Bank statement balance at end of year	537 206	501 551

RUSTENBURG LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	MUNICIPALITY		GROUP	
	Restated 2009	2010	2010	Restated 2009
15.8 ABSA				
ABSA Debt Service Reserve Account				
Account number: 4061023677				
Cash book balance at beginning of year			40 235 899	20 177 623
Cash book balance at end of year			43 160 110	40 235 699
Bank statement balance at beginning of year			40 235 699	20 177 623
Bank statement balance at end of year			43 160 110	40 235 699
Bank and cash balances at end of year:				
- Bank balances as disclosed above	139 440 020	107 254 172		189 697 536
- Cash on hand	28 360	28 360		28 360
	139 468 380	107 283 132		189 715 896
17 PROPERTY RATES				
Actual				
Residential	60 701 214	3 473 317	3 473 317	60 701 214
Commercial	38 285 053	58 461 797	58 461 797	38 285 053
Agricultural	1 852 556	6 330 052	6 330 052	1 952 556
State	4 851 201	79 218 483	79 218 483	4 851 201
Total Assessment Rates	105 689 024	147 483 650	147 483 650	105 689 024
Property Valuations: Site values only				
Residential	1 351 570 450	19 445 117 650	19 445 117 650	1 351 570 450
Commercial	437 988 001	3 144 211 400	3 144 211 400	437 988 001
Industrial	33 170 000	311 441 000	311 441 000	33 170 000
Municipal	7 896 300	140 437 200	140 437 200	7 896 300
Agricultural	299 925 164	1 019 905 650	1 019 905 650	299 925 164
State	175 940 220	834 083 420	834 083 420	175 940 220
Churches	1 448 800	98 484 000	98 484 000	1 448 800
Educational	4 189 900	10 713 000	10 713 000	4 189 900
Roads		866 300	866 300	
Total Property Valuations: Sites	2 312 128 835	25 005 279 920	25 004 393 520	2 268 761 834
Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 October 2003 and have been effective until 30 June 2008. The new Property Rates Act was implemented on 1 July 2008 together with a new valuation roll. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations and subdivisions. A general rate of 4.53 cent (2008: 4.10 cent) in the land on the land value of residential properties is applied to property valuations to determine assessment rates. Rebates of between 20% and 40% are given to pensioners depending on their gross monthly income. Different rates are applied to different type of properties				
18 SERVICE CHARGES				
Sale of electricity	509 691 813	845 559 715	845 559 715	509 691 813
Sale of water	179 559 847	197 333 176	250 461 104	227 142 253
Refuse removal	41 448 142	44 751 158	44 751 158	41 448 142
Sewerage and sanitation charges	36 147 316	49 613 696	32 902 927	23 769 690
Total Service Charges	766 846 916	1 137 557 735	1 173 674 904	802 011 896

RUSTENBURG LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

MUNICIPALITY	GROUP	
	2010	Restated 2009
19 GRANTS AND SUBSIDIES		
- From organs of the State on National level		
Equitable share	164 274 187	131 308 098
Provincial health subsidies	-	252 184
2010 FIFA WCSD	5 059 858	111 821 042
FIFA Host City Grant	13 478 139	10 823 480
MIG Grant	102 512 884	114 727 214
Housing project grants	3 603 444	15 698 958
Skills levy	-	858 435
Department of Water Affairs and Forestry	282 765	931 250
Department of Minerals & Energy	41 112 279	17 753 729
Municipal Infrastructure Grant for PMU	2 019 501	2 400 028
Integrated Transport Study Grant	-	207 857
Integrated Development Grant	369 588	-
Finance Management Grant	846 117	500 000
PTIS	101 734 152	117 074 536
Seta: EPWP training	4 851 541	-
Department of Sports, Arts & Culture	1 877 885	11 083 035
IMMIS grant	-	30 882 063
Municipal Systems Improvement Grant	540 000	714 488
- Private grants/subsidies		
DBSA - City Development Agency	275 000	-
Library, Information & Educational network	-	6 753
Business Advice Centre, Anglo Platinum	-	572 383
Tribal authority grant	-	-
Royal Bafokeng Nation: western by-pass	18 736 744	18 736 744
Mines	372 703	350 000
- From other municipalities		
Local Government SETA: ABET	794 618	429 500
BRDM - Cleaning of cemeteries/LED Business Plans & other	1 781 230	1 076 714
NWPG	-	47 249
Other	-	-
Total Government Grant and Subsidies	445 785 691	587 853 750

The municipality has complied with all the conditions set by the transferring organ of State or the conditions set by the other institutions who made allocations to the municipality. The unspent portion of conditional allocations are disclosed as unspent conditional grants on the face value of the Statement of Financial Position of the municipality.

19.1 Equitable Share

In terms of the Division of Revenue Act, the annual equitable share allocated to the municipality is an unconditional grant. A portion of this grant is used by the municipality to subsidize the provision of basic services in line with national policy. All registered indigent consumers of municipal services receive a monthly subsidy of R 392.71 (2009: R460-50) if the household income is below R 1 010 (2009: R 1 010) per month. If household income is more than R1 010 (R2009: R 1010) but less than R2 020 (2009: R2 020) per month, only 50% of the subsidy is allocated to the indigent household.

19.2 Changes in levels of government grants

Based on the allocations set out in the latest Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

RUSTENBURG LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	MUNICIPALITY		GROUP	
	Restated 2009	2010	2010	Restated 2009
20 OTHER INCOME				
Service connections	9 813 360	5 657 758	5 657 758	9 813 360
Reconnection fees	6 491 525	3 710 795	3 710 795	6 491 525
Telephone fees recovered	428 599	444 047	444 047	428 599
Tender document fees	445 273	505 009	505 009	445 273
Engineering services (also contributed to CRR)	-	6 692 253	6 692 253	-
Recoverable expenditure	-	8 175 584	8 175 584	-
Other	7 838 528	3 077 061	3 077 061	7 838 528
Total Other Income	25 012 285	28 262 507	28 262 507	25 012 285
21 EMPLOYEE RELATED COSTS				
Employee related costs - Salaries and Wages	139 865 487	138 892 058	138 892 058	139 865 487
Employee related costs - Contributions for UIF, pensions and medical aids	35 604 597	43 810 645	43 810 645	35 604 597
Employee related costs - Provision for post retirement medical aid benefits	33 759 340	(82 559 000)	(82 559 000)	33 759 340
Travel, motor car, accommodation, subsistence and other allowances	10 694 613	12 411 089	12 411 089	10 694 613
Housing benefits and allowances	2 847 726	2 015 013	2 015 013	2 847 726
Overtime payments	15 467 180	23 079 818	23 079 818	15 467 180
Annual bonus	9 789 026	11 505 536	11 505 536	9 789 026
Other	2 085 719	8 323 361	8 323 361	2 085 719
Less: Employee costs capitalized to Property, Plant and Equipment	(3 227 475)	(1 397 450)	(1 397 450)	(3 227 475)
Less: Employee costs included in other expenses	(2 305 800)	(2 300 950)	(2 300 950)	(2 305 800)
Total Employee Related Costs	244 593 513	173 950 300	173 950 300	244 593 513
There were no new advances to employees. Loans to employees are set out in note 14.				
Remuneration of the Municipal Manager			MUNICIPALITY ONLY	
Annual Remuneration			1 001 261	896 750
Performance bonus			-	-
Car Allowance			-	-
Travelling allowance			180 000	180 000
Contributions to UIF, Medical and Pension Funds			78 698	95 279
Settlement Amount: E. Matlawe			-	-
Accumulated leave paid out			223 345	114 787
Total			1 483 294	1 276 815
Remuneration of the Chief Finance Officer				
Annual Remuneration			852 657	763 413
Performance bonus			-	-
Car Allowance			-	-
Travelling allowance			144 000	144 000
Contributions to UIF, Medical and Pension Funds			1 497	1 497
Accumulated leave paid out			-	-
Acting allowance			-	-
Total			998 154	908 910

RUSTENBURG LOCAL MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

MUNICIPALITY

Restated
2009

2010

GROUP

2010

Restated
2009

Remuneration of Individual Executive Directors - Municipality only
30 June 2010

	Public Safety	Planning & Development	Infrastructure Development	Corporate Services
Annual Remuneration	653 471	-	805 729	733 728
Performance bonus	-	-	-	-
Travel Allowance	84 000	-	108 000	180 000
Contributions to UIF, Medical and Pension Funds	1 497	-	1 497	1 497
Settlement amount	-	-	-	-
Leave paid out	29 569	-	-	91 523
Acting allowance	-	-	-	-
Total	768 037	-	915 226	1 005 748

30 June 2010

	Community Development	Local Economic Development
Annual Remuneration	665 415	598 734
Performance bonus	-	-
Travel Allowance	84 000	84 000
Contributions to UIF, Medical and Pension Funds	1 497	1 497
Settlement amount	-	-
Leave paid out	38 044	12 070
Acting allowance	-	-
Total	788 956	896 301

30 June 2009

	Public Safety	Planning & Development	Infrastructure Development	Corporate Services
Annual Remuneration	587 789	600 715	724 024	652 024
Performance Bonuses	-	-	-	-
Travel Allowance	84 000	91 452	108 000	180 000
Contributions to UIF, Medical and Pension Funds	1 497	1 497	1 497	1 497
Settlement amount	-	-	-	-
Leave paid out	37 620	113 766	-	-
Acting allowance	-	-	-	-
Total	710 906	807 430	833 521	833 521

30 June 2009

	Community Development	Local Economic Development
Annual Remuneration	598 647	538 028
Performance Bonuses	-	-
Travel Allowance	84 000	84 000
Contributions to UIF, Medical and Pension Funds	1 497	1 497
Settlement amount	-	-
Leave paid out	-	-
Acting allowance	-	-
Total	684 144	623 525

RUSTENBURG LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	MUNICIPALITY		GROUP	
	Restated 2009	2010	2010	Restated 2009
22				
REMNERATION OF COUNCILLORS				
Executive Mayor	619 176	648 868	648 868	619 176
Speaker	460 670	558 628	558 628	460 670
Mayoral Committee Members	3 380 388	3 942 765	3 942 765	3 380 388
Councillors	10 096 359	10 729 943	10 729 943	10 096 359
Councillors' pension contribution	975 411	1 027 636	1 027 636	975 411
Total Councillors' Remuneration	15 532 004	16 907 840	16 907 840	15 532 004
The Council contribution to the pension fund for the Executive Mayor, Speaker and Mayoral Committee members are included in the specific line above. Pension contributions above are thus for all Councillors not specifically disclosed.				
In-kind Benefits				
The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.				
The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of a Council owned vehicle for official duties and has a full time driver and body guard. The Executive Mayor further has access to a budget of R250 000 per annum to be utilized as he deems fit.				
The Executive Mayor have access to an entertainment facility of R20 000 per annum. The Speaker, Chief Whip and members of the Mayoral Committee have all access to an entertainment facility of R 12 000 per annum.				
23				
INTEREST PAID				
Long-term liabilities	14 467 270	13 300 150	44 924 004	47 517 028
24				
BULK PURCHASES				
Electricity: Other consumers	197 010 989	272 634 750	262 647 985	165 923 192
Electricity: Bulk Consumer	162 275 877	374 006 578	374 006 578	162 275 877
Water	119 297 895	136 377 840	136 377 840	119 297 895
Total Bulk Purchases	478 584 761	783 019 168	773 032 403	467 496 964
25				
GRANTS AND SUBSIDIES PAID				
Grant paid to SPCA	300 000	199 999	199 999	300 000
Grant to Rustenburg Municipality: Sport and Recreation Club	48 720	-	-	48 720
Grant to Basie Mpelegole Ngwana - Children's Home	-	48 300	48 300	-
Total Grants and Subsidies	348 720	248 299	248 299	348 720

The subsidy to the SPCA is to assist this registered charity to undertake its tasks.

The grant to Basie Mpelegole Ngwana is to support physically challenged children.

RUSTENBURG LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

MUNICIPALITY	GROUP	
	2010	Restated 2009
25 GENERAL EXPENSES		
Included in general expenses are the following major items:-		
Rentals: Operating lease - L. M. Mufiso Motors (Pty) Ltd		597 905
Funeral assistance to Councilor families	-	299 625
Advertising/printing & stationery	-	2 892 840
Audit fees	2 958 235.00	2 042 358
Provision for the rehabilitation of landfill sites	-	450 000
FIFA Soccer World Cup expenditure	212 861 532	114 209 043
Bank charges	1 944 212	1 736 186
Backlogs	1 287 286	-
Copy charges	2 335 622.00	973 790
Grant and other funding: Phokeng Link Road/Western Bypass	-	130 288 964
City beautification project	1 904 482	1 117 384
Departmental charges: Municipal Services utilized by Municipality	1 803 766.00	8 257 017
Grant written off: Austrian Government	-	1 827 394
Economic Benefits	2 664 335	-
Energy efficiency street lighting	2 903 652	-
Events: 2010 FIFA World Cup	4 929 362	3 136 545
Housing: United by DPLG & H	3 603 444.00	15 698 956.00
Insurance	-	1 887 192
Implement corrections and audit queries	2 926 525.00	-
Indigent subsidies i.l.o. policy	-	3 837 871
Financial Management Support/Audit qualification corrections	-	3 914 412
Integrated Transport Study	-	-
Legal expenses	2 628 808	3 256 616
License fees	2 082 661.00	1 923 183
Materials and stock	-	1 634 448
Manage & Monitor CCTV Camera system	2 460 000	1 854 980
Medical aid contributions: Retired employees	2 665 300	2 738 979
Membership fees	1 226 860.00	-
Public viewing: Confederation Cup expenses	-	3 243 354
Postage	1 608 897.00	1 282 554
Penalties/interest: SARS	-	1 960 937
Printing: License Cards	3 929 463.00	3 861 301
Rentals: Office machines	-	1 750 623
Skills Development Levies	5 079 595	5 067 578
Telephone costs	2 213 344	1 720 202
Training: personnel	18 680 764	20 837 564
Transport	3 462 814.00	1 641 022
AVM - Online vending system	-	30 882 063
Upgrading of Moses Kotane Stadium: 2010 Training Venue	5 615 036.00	7 701 563
Volunteer programme: Confederation Cup	-	3 170 336
Special Projects	1 123 519.00	1 410 129
Workmen's Compensation	-	1 444 110
World Cup Soccer: Marketing and related projects	-	1 043 700
Ward Committee stipend	-	-
Other	46 346 118.00	20 629 114
	341 298 638	412 723 813

RUSTENBURG LOCAL MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	MUNICIPALITY	2010	GROUP
	Restated 2009		Restated 2009
27			
			2010
27	CHANGE IN ACCOUNTING POLICY AND CORRECTION OF ERRORS		
	The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising		
27.1	Correction of error: Retention		
	Balance previously reported: 30 June 2009	23 714 625	23 714 625
	- Correction of previous year results - retention and assets misstated	(364 966)	(364 966)
	Restated balance of Retention: 1 July 2009	<u>23 349 659</u>	<u>23 349 659</u>
27.2	Correction of error: Assets		
	Balance previously reported: 30 June 2009	1 296 397 328	1 296 397 328
	- Correction of previous year results - cost	(364 966)	(364 966)
	- Correction of previous year results - accumulated depreciation as a result of change in classification	(953 774)	(953 774)
	- Correction of previous year results - zero value assets assessed	4 858 392	4 858 392
	Restated balance of Assets: 1 July 2009	<u>1 030 346 736</u>	<u>1 030 346 736</u>
	- Retention on a project was accounted for twice in the previous year		
27.3	Correction of error: Debtors		
	Balance previously reported: 30 June 2009	167 843 770	174 361 701
	- Correction of previous year results - cost	(953 056)	(953 056)
	Restated balance of Debtors: 1 July 2009	<u>166 874 714</u>	<u>173 382 645</u>
27.4	Correction of error: VAT		
	Balance previously reported: 30 June 2009	44 101 743	45 004 081
	- Correction of previous year results - cost	(295 045)	(295 045)
	Restated balance of Debtors: 1 July 2009	<u>43 835 698</u>	<u>44 738 016</u>
27.5	Correction of error: Inventory		
	Balance previously reported: 30 June 2009	21 861 768	21 861 768
	- Correction of previous year results - cost	534 617	534 617
	Restated balance of Inventory: 1 July 2009	<u>22 396 385</u>	<u>22 396 385</u>
27.6	Correction of error: net profit		
	Balance previously reported: 30 June 2009	158 305 923	152 974 700
	Correction of previous year results		
	- materials and stock	240 736	240 736
	- rates	(40 758)	(40 758)
	- waste management	(189 724)	(188 474)
	- sanitation service	(13 005)	(13 005)
	- water service	(1 953 464)	(1 593 464)
	- electrical	1 493 180	1 493 180
	- interest on debtors	(66 603)	(66 603)
	- depreciation	(953 774)	(953 774)
	Restated balance of consumer debtors: 1 July 2009	<u>157 163 764</u>	<u>151 852 539</u>

RUSTENBURG LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	MUNICIPALITY		GROUP	
	Restated 2009	2010	2010	Restated 2009
28 CASH GENERATED FROM/(UTILIZED IN) OPERATIONS				
Surplus for the year	157 183 764	156 787 098	158 853 239	151 852 541
Adjustment for:-				
Depreciation	74 553 319	98 771 041	121 156 922	96 945 333
Loss / (Gain) on disposal of property, plant and equipment	(7 737 560)	(17 353 104)	(17 358 104)	(7 737 560)
Contribution to/from provisions - non-current	(175 785 366)	(234 327 042)	(234 327 042)	(175 785 366)
Contribution to bad debt provision	180 600 000	232 829 000	232 829 000	180 600 000
Royalties	(17 948 360)	(17 749 723)	(17 749 723)	(17 948 360)
Dividends received	(13 563)	(13 802)	(13 802)	(13 563)
Investment income	(136 690 943)	(112 708 635)	(116 792 867)	(140 719 145)
Interest paid	14 467 270	13 310 151	44 934 005	47 517 028
Operating surplus before working capital changes:	68 508 541	119 535 875	169 531 629	134 670 888
(Increase)/Decrease in inventories	(7 544 252)	(1 745 434)	(1 745 434)	(7 644 252)
(Increase)/Decrease in debtors	687 354	(42 698 726)	(42 698 726)	687 354
(Increase)/Decrease in other debtors	7 089 773	(688 640)	(1 739 709)	7 710 096
(Decrease)/Increase in unpaid conditional grants and receipts	(64 412 448)	(2 671 235)	(2 671 235)	(64 412 448)
Increase/(Decrease) in creditors	42 942 942	48 595 612	58 053 931	46 485 224
Increase/(Decrease) in provisions	34 466 121	(82 067 424)	(82 067 424)	34 466 121
Increase in VAT	5 832 635	18 832 652	18 932 652	5 832 635
Cash generated by/(utilized in) operations	107 509 667	57 216 680	115 605 694	157 805 620
29 CASH AND CASH EQUIVALENTS				
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:				
Bank balances and cash	139 468 380	107 283 132	179 161 485	189 715 856
Call investment deposits	467 941 238	452 591 276	452 591 276	467 941 238
Total cash and cash equivalents	607 409 618	559 874 408	631 752 761	657 657 134
30 UTILIZATION OF LONG-TERM LIABILITIES RECONCILIATION				
Long-term liabilities	104 652 500	101 341 300	101 341 300	104 652 500
Used to finance property, plant and equipment – at cost	462 840 535	-	-	162 910 535
Sub-total	(57 988 035)	101 341 300	101 341 300	(57 988 035)
Cash set aside for the repayment of long-term liabilities	-	-	-	-
Cash invested for repayment of long-term liabilities	(57 988 035)	101 341 300	101 341 300	(57 988 035)
External loans have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long term liabilities can be repaid on the redemption date.				
31 UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE				
31.1 Unauthorized expenditure				
-2010				
No known material unauthorized expenditure were incurred or disallowed during the year under review.				
-2009				
No known material unauthorized expenditure were incurred or disallowed during the year under review.				
31.2 Fruitless and wasteful expenditure				
-2010				
No known material unauthorized expenditure were incurred or disallowed during the year under review				
-2009				
No known material fruitless and wasteful expenditure were incurred during the year under review, except penalties and interest charged by SARS to the amount of R 1 360 937. However, R 1205 059 will be refunded by SARS following successful objection.				

RUSTENBURG LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	MUNICIPALITY Restated 2009	2010	GROUP	
			2010	Restated 2009
32 INVESTIGATIONS				
<p>A forensic investigation has been conducted on pre-paid electricity sales following the discovery of cash shortages related to the sale of pre-paid electricity. The estimated loss is R 27 492 000. The Municipality has reported the case to the SAPS and has subsequently implemented adequate controls to prevent further losses. Disciplinary action against implicated employees is in process.</p>				
33 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT				
33.1 Contributions to organized local government.				
Opening balance	-		1 228 860	847 124
Council subscriptions - this year (2007: Include previous years amount in dispute)	-		(1 228 860)	(847 124)
Amount paid - current year	-		-	-
Amount paid - previous years	-		-	-
Balance unpaid	-		-	-
33.2 Audit fees				
Opening balance	-	146 991	146 991	-
Current year audit fee (2009/09)	-	-	-	146 991
Audit fee charged: previous years (2007/08)	-	2 955 235	3 065 171	3 031 390
Amount paid - current year	-	(2 955 235)	(3 065 171)	(1 968 522)
Amount paid - previous years (2008/07)	-	(146 991)	(146 991)	-
Balance unpaid (included in creditors)	-	-	-	1 205 859
33.3 VAT				
Net VAT payable are disclosed in note 8. All VAT returns have been submitted by the due date throughout the year.				
33.4 PAYE & UIF				
Opening balance	-		-	-
Current year payroll deductions & Council Contribution	-	29 388 426	29 388 426	24 518 261
Amount paid - current year	-	(29 388 426)	(29 388 426)	(24 518 261)
Amount paid - previous years	-	-	-	-
Balance unpaid (included in creditors)	-	-	-	-
33.5 Other levies paid				
Skills development levy	1 745 089	2 028 395	2 028 395	1 745 089
Motor vehicle license fees collected and paid over to NNPLG	48 003 401	49 596 962	49 596 962	48 003 401
	49 748 490	51 595 357	51 595 357	49 748 490
33.6 Pension and Medical Aid Deductions				
Opening balance	-		-	-
Current year payroll deductions and Council Contributions	-	63 598 893	63 598 893	59 809 089
Amount paid - current year	-	(63 598 893)	(63 598 893)	(59 809 089)
Amount paid - previous years	-	-	-	-
Balance unpaid (included in creditors)	-	-	-	-

RUSTENBURG LOCAL MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Restated
2009

MUNICIPALITY

2010

33.7 Councillor's arrears consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at

GROUP

Restated
2009

MUNICIPALITY

30 June 2010

	Total	Outstanding less than 30 days	Outstanding > than 30 days	Wa Wing
Beukes E	6 982	509	5 474	
Khunou NM	789		530	
Laboite MN	14 078	269	13 778	
Marekoa BB	11 355	309	11 047	
Masisi MC	67 339	779	65 233	1 328
Mataboge AL SVM	2 191	797	1 395	
Mmusu EM	16 503	288	14 379	1 836
Mmusu DN	8 481	163	8 268	
Molefe JL	2 863	462	2 400	
Molefe JL	3 248	70	3 178	
Motswadi P	511	348	163	
Mpengu ML	17 764	360	13 895	3 508
Ngebo L	12 342	205	8 830	3 306
Nonov ZA	72 528	1 390	58 995	12 153
Nxumalo J	8 331	744	7 586	
Nyathi NJ	8 207	563	7 545	
Seduke D	23 288	528	22 771	
Segale M	558	215	342	
Segale M	24 460	304	24 156	
Segole GS & DR	2 010	779	1 231	
Wolmarans MJ	3 518	538	2 980	
Wolmarans MJ	444	259	185	
	307 804	10 298	275 375	22 131

30 June 2009

	Total	Outstanding less than 30 days	Outstanding > than 30 days	Wa Wing
Laboite MN	10 731	651	10 180	-
Marekoa BB	5 919	372	5 547	-
Masisi MC	56 928	3 433	52 168	1 327
Mmusu DN	3 570	1 632	1 938	-
Mokowe LJ & NE	5 772	804	4 968	-
Molefe JL	2 481	116	2 365	-
Mpengu VL	16 291	1 003	11 780	3 508
Ngebo L	13 256	795	9 155	3 306
Nonov ZA	58 805	1 576	45 076	12 153
Nxumalo J	4 738	783	3 956	
Nxumalo J	8 886	500	7 765	7 601
Nyathi NJ	17 448	940	17 765	
Seduke D	205 386	12 305	184 968	27 885

RUSTENBURG LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

MUNICIPALITY	GROUP	
	2010	Restated 2009
34 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
- Approved and contracted for		
Water	92 756 574	262 109 468
Electricity	12 536 721	10 386 086
Community	4 621 943	56 483 027
Roads and Stormwater	2 652 912	-
Waste	6 723 092	7 926 852
Local Economic Development	32 122 918	162 179 290
Sanitation	11 836 557	13 639 232
Other	-	-
	18 172 313	11 501 011
	4 090 119	-
- Approved but not yet contracted for		
Water	285 138 543	260 710 725
Electricity	14 704 052	31 844 017
Street lights	46 844 478	63 230 914
Community	-	6 438 023
Roads and Stormwater	4 687 089	11 900 717
Waste	104 815 611	-
Local Economic Development	48 643 715	-
Sanitation	3 447 545	49 808 627
Other	3 807 563	36 038 427
	58 188 450	61 450 000
Total	377 895 117	522 820 223
The expenditure will be financed from:		
- Capital Replacement Reserve	56 710 220	121 000 000
- Government Grants	319 581 146	401 820 223
- Own resources	-	-
- District Council Grants	1 603 752	-
- Other	-	-
	377 895 117	522 820 223

RUSTENBURG LOCAL MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

MUNICIPALITY	Restated 2009	2010	GROUP	Restated 2009
35	RETIREMENT BENEFIT INFORMATION			
	Personnel and Councilors are members of the following funds:			
	Joint Municipal Pension Fund (JMPPF)			
	Municipal Gratuity Fund (MGF)			
	Municipal Employees Pension Fund (MEPF)			
	Municipal Councilors Pension Fund (MCPF)			
	Government Employees Pension Fund			
	National Fund for Municipal Workers (NFMW)			
	Last known actuarial valuations is as follows:			
	The Municipal Gratuity Fund is a defined benefit governed under the Pension Fund Act of 1956. The most recent actuarial valuation indicated that the fund was financially sound.			
	The NFMW is a fixed contribution fund and there is no statutory requirement to do an actuarial valuation			
	The MEPF is a fixed contribution fund			
	The MCPF is a fixed contribution fund			
	The JMPPF is a fixed contribution fund.			
	All Councilors and employees belong to the 5 defined benefit retirement funds administered by the Provincial Pension Fund as disclosed above. These funds are subject to a triennial actuarial valuation.			
	An amount of R24.7 million (2009: R28.9 million) was contributed by Council in respect of Councilor and employees retirement funding. These contributions have been expensed.			
36	CONTINGENT LIABILITY			
	Bank Guarantees	1 181 137		6 909 539
	These guarantees are issued in favour of the following:			
	- S A S en Houters R 400			
	- Eskom Holdings Limited R 1 500			
	- ABSA South Africa (Pty) Ltd R 5 728 402.80 (EXPIRED 30/09/2009)			
	- Eskom R 9 799			
	- Magalies Water R 1 169 438			
	Legal Claims	49 337 500		45 957 336
	Various claims submitted to the legal department of the municipality are in the process of being resolved. The estimated liability of such claims, should the claimant be successful, is disclosed.			
	Estimated Legal Costs	2 000 000		1 500 000
	The Trust received retrospective invoices from Magalies Water (to the value of R 17.5 million), claiming historic losses on electricity as well as chemicals. The issue was referred to the legal representatives of the Trust. At the date of printing the financial statements, no opinion has been received and consequently not provided in the financial statements.			

RUSEFNBURG LOCAL MUNICIPALITY

Restated 2009	2010	2010	Restated 2009
37.1	Related parties		
	Councillors, the Municipal Manager and section 57 personnel reporting to the Municipal Manager are considered related parties in light of their control over the municipality as Councillors and their management position in terms of positions held in the municipality. No inter-party business transactions took place between the Rustenburg Local Municipality and these persons and their close family members for the year under review. Details relating to their remuneration are discussed in notes 21 and 22 above. Normal consumer services rendered to the public have also been rendered to the mentioned parties at approved tariffs that were advertised to the public.		
	Transactions with key management personnel		
	Mr. R. Rametshaphe is a section 57 personnel member currently acting as Municipal Manager. The following transactions have occurred between the municipality and Radio Malisa, in which he has an interest:		
	a. Services rendered by Radio Malisa to the municipality	247 056	112 100
37.2	Magalies Water and Rustenburg Water Services Trust		
	The nature of the relationship is that Magalies has the right to appoint one representative to the Board of Trustees and thereby has an influence on financial and operating policies of the Trust.		
	Production Cost	(29 063 371)	(23 937 049)
	Accounts Receivable	(867 662)	(136 687)
	Accounts Payable	6 927 998	3 153 725
37.3	ABSA Corporate and Merchant Bank and Rustenburg Water Services Trust		
	The nature of the relationship is that ABSA has the right to appoint one representative to the Board of Trustees and thereby has an influence on financial and operating policies of the Trust.		
	Interest Received	4 263 187	4 230 789
	Bank Charges	(4 121)	(8 128)
	Capitalised Interest (for the year)	(31 623 854)	(33 049 758)
	Term Loan	245 652 135	254 808 055
37.4	Bigenafrica Group Holdings and Rustenburg Water Services Trust		
	The nature of the relationship is that BigenAfrica Group Holdings has the right to appoint one representative to the Board of Trustees and thereby has an influence on financial and operating policies of the Trust.		
	Administration Cost	(1 003 478)	(902 048)
	Trade Creditors	82 184	84 405
	Through its subsidiary, Rustenburg Consulting Consortium, BigenAfrica conducted the Engineering and Design work as well as Project management for the Trust.		
	Consulting Fees - feasibility	(143 269)	(1 351 007)
	Project Management	-	-
	Trade Creditors	-	41 478
	Maintenance inspection	(117 806)	(126 312)

RUSTENBURG LOCAL MUNICIPALITY

MUNICIPALITY

Restated 2009	2010	38	Restated 2009
		OPERATING LEASE ARRANGEMENTS	
		At the Statement of Financial Position date, the municipality had outstanding commitments under non-cancellable leases, which fall due as follows:	
		- Up to 1 year	
2 397 381	2 601 478	- 1 to 5 years	2 397 381
3 465 298	3 004 985	- More than five years	3 465 298
1 476 244	-		3 004 985
7 249 923	5 606 463		1 476 244
			7 249 923
			5 606 463

FINANCIAL INSTRUMENTS

The group has exposure to the following risks from its use of financial instruments:

- Interest Rate Risk
- Liquidity Risk
- Credit risk

This note presents information about the group's objectives, policies and processes for measuring and managing risks.

Interest Rate Risk

The group is not exposed to interest rate risk on its financial liabilities. All the Municipalities interest bearing external loan liabilities, as detailed in Appendix A, are fixed interest rates. The trust has no significant interest bearing assets

Liquidity Risk

The group adequately manages its liquidity risk by managing its working capital, capital expenditure, external borrowings and cash flows. The reserves of the group are adequately cash backed.

Credit Risk

Credit Risk consists mainly of cash deposits, cash equivalents and consumer debtors. The municipality and the trust only deposit cash with major banks. Credit Risk related to consumer debtors is managed in accordance with the Councils credit control and debt collection policy. The Councils credit exposure is spread over a large number and wide variety of consumers, and is not concentrated in any particular sector or geographical area. Adequate provision has been made for anticipated bad and doubtful debts.

40 EVENTS AFTER THE REPORTING DATE

No events took place after 30 June 2010 that had a material impact on the reported financial position.

41 ROUNING

The amounts disclosed in the Consolidated Annual Financial Statements have been rounded to the nearest rand.

42 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure E(1) and E(2).

APPENDIX A

RUSTENBURG LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010 - GROUP

EXTERNAL LOANS	Interest rate	Redeemable	Balance at 30 June 2009	Received during the period	Redeemed during the period	Balance at 30 June 2010	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
LONG-TERM LOANS			R	R	R	R	R	R
- INCA nr.1	16.50%	23 April 2009		-		-		
- INCA nr. 2	13.82%	29 February 2024	50 000 000		(1 066 081)	48 933 919		
- ABSA - Drawdown 1	11.92%	31 May 2020	17 489 155	-	(840 445)	16 648 710		
- ABSA - Drawdown 2	12.02%	31 May 2021	18 246 791	-	(745 446)	17 501 345		
- ABSA - Drawdown 3	12.14%	31 May 2022	18 916 554	-	(659 228)	18 257 326		
- ABSA - Construction Loan	12.80%	30 June 2023	254 808 055	-	(9 155 920)	245 652 135		
Total long-term loans			359 460 555	-	(12 467 120)	346 993 435		
TOTAL EXTERNAL LOANS			359 460 555	-	(12 467 120)	346 993 435	288 413 689	

APPENDIX B

RUSTENBURG LOCAL MUNICIPALITY
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010

	Cost/Revaluation				Accumulated Depreciation				Carrying Value				
	Opening Balance R	Reclassification R	Additions R	Under Construction R	Disposals R	Closing Balance R	Opening Balance R	GRAP 17 Adjustments R	Additions R	Disposals R	Closing Balance R	R	R
Land and Buildings													
Land	31 062 066	-	715 132	179 644	-	31 777 198	-	-	-	-	-	-	31 777 198
Buildings	117 993 241	-	2 058 917	61 810 283	-	120 062 158	33 007 387	-	3 619 637	-	36 627 024	83 425 134	
	149 055 307	-	2 774 049	61 989 937	-	151 829 356	33 007 387	-	3 619 637	-	36 627 024	115 202 332	
Infrastructure													
Drains	32 394 733	-	1 070 814	-	-	33 465 548	7 981 400	-	1 608 810	-	9 590 209	23 875 138	
Roads	386 785 480	-	3 288 415	40 570 810	-	390 073 905	119 338 931	-	26 840 597	-	146 179 528	243 894 377	
Sewerage Mains & Purification plant	159 477 632	-	3 357 019	5 348 792	-	162 834 651	45 085 640	-	7 762 252	-	52 847 892	109 986 759	
Electricity Mains	337 607 798	-	54 182 091	41 925 530	-	391 788 889	130 120 764	-	15 437 509	-	146 558 273	246 231 616	
Electricity Peak Load Equip	7 593 112	-	1 216 338	-	-	8 809 452	745 911	-	409 155	-	1 155 066	7 654 386	
Water Mains & Purification plant	210 332 912	-	421 059	21 274 193	-	210 753 971	79 897 074	-	10 172 739	-	90 069 814	120 684 158	
Reservoirs – Water	14 425 686	-	-	456 532	-	14 425 686	3 923 101	-	701 615	-	4 624 716	9 800 970	
Water Meters	14 966 222	-	-	3 200 887	-	14 365 222	2 522 075	-	925 578	-	3 447 653	10 918 568	
Water Mains	13 962 444	-	846 865	-	-	14 809 309	5 412 240	-	892 400	-	5 104 640	8 704 589	
	1 176 846 030	-	64 382 403	112 777 745	-	1 241 328 433	395 027 137	-	64 550 654	-	459 577 791	781 750 641	
Community Assets													
Parks & Gardens	9 131 262	-	28 800	-	-	9 160 062	2 881 676	-	303 897	-	2 985 573	6 174 489	
Libraries	5 954 173	-	-	409 530	-	5 954 173	2 252 831	-	198 336	-	2 450 967	3 503 205	
Recreational Grounds	45 531 981	-	75 215	-	-	45 607 196	26 697 256	-	1 689 987	-	28 587 243	17 019 953	
Civic Buildings	48 483 864	-	-	-	-	48 493 864	19 532 236	-	1 513 356	-	21 147 592	27 346 273	
	108 111 279	-	104 015	409 530	-	109 215 265	51 353 799	-	3 807 676	-	55 171 375	54 043 920	
Heritage Assets													
Historical Buildings	429 115	-	-	-	-	429 115	-	-	-	-	-	-	429 115
	429 115	-	-	-	-	429 115	-	-	-	-	-	-	429 115
Total carried forward	1 435 541 731	-	87 260 468	175 177 212	-	1 502 802 199	479 398 223	-	71 977 868	-	551 376 191	951 426 008	

APPENDIX B

RUSTENBURG LOCAL MUNICIPALITY
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010 (Continue)

	Cost				Accumulated Depreciation				Carrying Value		
	Opening Balance R	Reclassification R	Additions R	Under Construction R	Disposals R	Closing Balance R	GRAP 17 Adjustments R	Additions R	Disposals R	Closing Balance R	R
Total brought forward	1 435 541 731	-	57 260 468	175 177 212	-	1 502 802 199	479 398 323	-	71 977 868	551 376 191	951 428 008
Housing Rental Stock											
Housing Rental	4 988 397	-	-	-	-	4 988 397	1 477 266	-	143 306	1 620 572	3 367 825
	4 988 397	-	-	-	-	4 988 397	1 477 266	-	143 306	1 620 572	3 367 825
Leased Assets											
	-	-	-	-	-	-	-	-	-	-	-
Other Assets											
	-	-	-	-	-	-	-	-	-	-	-
Landfill sites	1 341 225	-	-	1 139 076	-	1 341 225	467 877		44 677	512 554	828 671
Office Equipment	9 740 707	-	322 558	-	-	10 063 265	5 442 332		1 753 449	7 195 781	2 867 483
Furniture & Fittings	58 975 133	-	911 918	-	-	59 887 052	27 745 472		6 505 644	34 252 115	25 634 936
Bins and Containers	1 789 363	-	391 029	-	-	2 180 392	1 128 584		107 765	1 236 349	944 043
Emergency Equipment	3 908 939	-	67 329	-	-	3 976 268	2 656 680		417 042	3 073 722	902 546
Motor vehicles	50 726 953	-	11 720 647	-	-	62 447 600	29 043 576		5 027 621	34 071 098	28 376 503
Fire engines	5 552 983	-	1 530 924	-	-	7 083 907	1 915 412		285 335	2 210 747	4 873 160
Refuse tankers	1 846 679	-	-	-	-	1 846 679	977 366		107 192	1 084 557	762 122
Computer equipment	13 328 498	-	344 027	-	-	13 672 525	8 964 515		1 018 148	9 982 664	3 689 862
Other assets	72 035 257	-	5 857 688	562 630	-	77 892 944	38 964 913		11 372 094	50 037 007	27 855 937
Conservancy tankers											
Watercraft											
	219 245 735	-	21 146 121	1 701 706	-	240 391 856	117 006 725	-	26 649 867	143 656 584	96 735 283
	1 659 775 854	-	88 406 588	176 878 920	-	1 925 061 372	597 882 315	-	98 771 042	696 653 357	1 228 408 015
Total											

RUSTENBURG LOCAL MUNICIPALITY ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010 : GROUP													
APPENDIX B													
	Cost/Revaluation				Accumulated Depreciation				Carrying				
	Opening Balance R	Reclassification R	Additions R	Under Construction R	Disposals R	Closing Balance R	Opening Balance R	GRAP 17 Adjustments R	Additions R	Disposals R	Closing Balance R	Value R	
Land and Buildings													
Land	31 052 066	-	715 132	179 644	-	31 777 198	-	-	-	-	-	31 777 198	
Buildings	117 993 241	-	2 058 917	61 810 283	-	120 052 158	33 007 387	-	3 619 637	-	36 627 024	83 425 134	
	149 055 307	-	2 774 049	61 989 927	-	151 829 356	33 007 387	-	3 619 637	-	36 627 024	115 202 332	
Infrastructure													
Drains	32 394 733	-	1 070 614	-	-	33 465 348	7 981 400	-	1 608 610	-	9 590 209	23 875 138	
Roads	386 785 490	-	3 288 415	40 570 810	-	390 073 905	119 338 931	-	26 840 987	-	146 179 528	243 894 377	
Sewerage Mains & Purification plant	348 103 871	-	3 357 019	5 348 792	-	351 460 800	87 370 746	-	22 082 937	-	109 453 593	242 007 307	
Electricity Mains	337 607 798	-	54 182 081	41 926 530	-	391 769 899	130 120 764	-	15 437 509	-	145 568 273	246 231 616	
Electricity Peak Load Equip	7 593 112	-	1 216 339	-	-	8 809 452	745 911	-	409 155	-	1 155 066	7 654 386	
Water Mains & Purification plant	292 977 901	-	421 059	21 274 193	-	293 388 960	102 656 035	-	18 073 411	-	120 729 447	172 869 514	
Reservoirs – Water	14 425 686	-	-	456 532	-	14 425 686	3 823 101	-	701 615	-	4 624 716	9 800 970	
Water Meters	14 366 222	-	-	3 200 887	-	14 366 222	2 522 075	-	925 578	-	3 447 653	10 918 568	
Water Mains	13 952 444	-	846 955	-	-	14 809 309	5 412 240	-	692 400	-	6 104 640	8 704 660	
	1 443 217 258	-	64 382 403	112 777 745	-	1 512 599 681	460 071 204	-	86 771 911	-	548 943 115	985 766 545	
Community Assets													
Parks & Gardens	9 131 262	-	28 800	-	-	9 160 062	2 681 676	-	303 697	-	2 985 573	6 174 489	
Libraries	5 954 173	-	-	409 530	-	5 954 173	2 252 631	-	198 336	-	2 450 967	3 503 206	
Recreational Grounds	45 531 981	-	75 215	-	-	45 607 196	26 897 256	-	1 689 987	-	28 597 243	17 019 953	
Civic Buildings	48 493 864	-	-	-	-	48 493 864	19 532 238	-	1 615 356	-	21 147 592	27 346 273	
	109 111 279	-	104 015	409 530	-	109 215 295	51 363 789	-	3 807 576	-	55 171 375	84 043 920	
Heritage Assets													
Historical Buildings	429 115	-	-	-	-	429 115	-	-	-	-	-	429 115	
	429 115	-	-	-	-	429 115	-	-	-	-	-	429 115	
Total carried forward	1 708 812 959	-	67 260 468	175 177 212	-	1 774 073 427	544 442 390	-	94 139 125	-	638 641 515	1 135 431 912	

APPENDIX B

RUSTENBURG LOCAL MUNICIPALITY
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010 (Continue)

	Cost		Accumulated Depreciation				Carrying	
	Opening Balance R	Reclassification R	Additions R	Under Construction R	Disposals R	Closing Balance R	Opening Balance R	Value R
Total brought forward	1 706 812 959	-	67 260 465	175 177 212	-	1 774 073 427	544 442 390	1 135 431 912
Housing Rental Stock	4 988 397	-	-	-	-	4 988 397	1 477 266	3 367 825
Housing Rental	4 988 397	-	-	-	-	4 988 397	1 477 266	3 367 825
Leased Assets	4 115 610	-	98	-	-	4 115 708	754 528	3 195 556
	4 115 610	-	98	-	-	4 115 708	754 528	3 195 556
Other Assets								
Landfill sites	1 341 225	-	-	1 139 076	-	1 341 225	467 877	829 671
Office Equipment	9 740 707	-	322 566	-	-	10 063 265	5 442 332	2 867 483
Furniture & Fittings	58 975 133	-	911 918	-	-	59 887 052	27 746 472	25 634 936
Bins and Containers	1 789 363	-	391 029	-	-	2 180 392	1 128 584	944 043
Emergency Equipment	3 908 939	-	67 329	-	-	3 976 268	2 656 690	902 516
Motor vehicles	50 726 953	-	11 720 647	-	-	62 447 600	29 043 576	28 376 503
Fire engines	5 652 963	-	1 530 924	-	-	7 083 907	1 915 412	4 673 160
Refuse tankers	1 846 679	-	-	-	-	1 846 679	977 365	762 122
Computer equipment	13 328 488	-	344 027	-	-	13 672 525	8 964 515	3 699 862
Other assets	72 035 257	-	5 857 698	562 630	-	77 892 944	38 664 913	27 955 937
Conservancy tankers	-	-	-	-	-	-	-	-
Watercraft	-	-	-	-	-	-	-	-
	219 245 736	-	21 146 121	1 701 706	-	240 391 866	117 006 726	96 735 263
Total	1 935 162 702	-	89 406 686	176 878 920	-	2 200 448 309	663 680 510	1 415 610 476

APPENDIX C

RUSTENBURG LOCAL MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2010

	Cost				Accumulated Depreciation				Carrying value R				
	Opening Balance R	Reclassification R	Additions		Disposals R	Closing Balance R	Opening Balance R	Reclassification R		Additions		Disposals R	Closing Balance R
Executive & Council	16 488 045	4 493 426	13 334 429	(2 842 588)	31 473 312	2 248 893	953 774	2 041 012	(2 176 808)	3 066 871	28 406 441		
Finance & Admin	52 402 299	-	1 071 830		53 474 129	28 440 304		2 836 269		31 276 573	22 197 555		
Planning & Development	38 805 470	-	3 263 904		42 069 374	6 989 459		2 593 057		9 582 516	32 486 858		
Health	9 833 145	-	335 049		10 168 194	5 080 916		359 312		5 440 228	4 727 966		
Community & Social Services	99 005 132	-	4 599 181		103 604 313	36 401 527		5 677 735		42 079 262	61 525 051		
Housing	3 183 541	-	-		3 183 541	2 219 551		-		2 219 551	963 990		
Public Safety	40 628 491	-	8 900 490		49 528 981	17 380 224		4 393 060		21 773 284	27 755 697		
Environmental Protection	27 539 605	-	2 262 318		29 801 923	2 329 218		5 270 690		7 599 908	22 202 014		
Sport & Recreation	111 248 956	-	171 490		111 420 446	56 244 034		2 180 590		58 424 624	52 995 822		
Waste Management	47 026 907	-	26 123 250		73 150 157	13 391 930		6 408 412		19 800 342	53 349 815		
Waste Water Management	137 260 877	-	36 542 215		173 803 092	37 248 872		4 367 717		41 646 589	132 156 503		
Road Transport	441 522 217	-	22 692 050		464 214 267	185 479 602		28 828 547		214 308 149	249 906 118		
Water	239 627 886	-	13 796 440		253 424 326	74 031 131		11 637 255		85 668 386	167 755 940		
Electricity	421 341 862	-	104 403 455		525 745 317	131 619 687		22 147 386		153 767 073	371 978 244		
TOTAL	1 685 914 433	4 493 426	237 496 101	(2 842 588)	1 925 061 372	599 105 349	953 774	98 771 042	(2 176 808)	696 653 357	1 228 408 015		

APPENDIX C

RUSTENBURG LOCAL MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2010 - GROUP

	Cost				Accumulated Depreciation					Carrying value R	
	Opening Balance R	Reclassification R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Reclassification R	Additions R	Disposals R		
Executive & Council	16 498 045	4 493 426	13 334 429	(2 842 588)	31 473 312	2 248 893	953 774	2 041 012	(2 176 808)	3 066 871	28 406 441
Finance & Admin	52 402 299	-	1 071 830	-	53 474 129	28 440 304	-	2 636 269	-	31 276 573	22 197 555
Planning & Development	38 805 470	-	3 263 904	-	42 069 374	6 989 459	-	2 593 057	-	9 582 516	32 486 858
Health	9 833 145	-	335 049	-	10 168 194	5 080 916	-	359 312	-	5 440 228	4 727 965
Community & Social Services	99 005 132	-	4 599 181	-	103 604 313	36 401 527	-	5 677 735	-	42 079 262	61 525 051
Housing	3 183 541	-	-	-	3 183 541	2 219 551	-	-	-	2 219 551	963 990
Public Safety	40 628 491	-	8 900 490	-	49 528 981	17 380 224	-	4 393 060	-	21 773 284	27 755 697
Environmental Protection	27 539 605	-	2 262 318	-	29 801 923	2 329 218	-	5 270 690	-	7 599 908	22 202 014
Sport & Recreation	111 248 956	-	171 490	-	111 420 446	56 244 034	-	2 180 590	-	58 424 624	52 995 822
Waste Management	47 026 907	-	26 123 250	-	73 150 157	13 391 930	-	6 408 412	-	19 800 342	53 349 815
Waste Water Management	330 002 726	-	36 542 313	-	366 545 039	80 288 506	-	18 882 926	-	99 171 432	267 373 607
Road Transport	441 522 217	-	22 692 050	-	464 214 267	185 479 602	-	28 828 547	-	214 308 149	249 906 118
Water	322 272 875	-	13 796 440	-	336 069 315	96 790 092	-	19 537 927	-	116 328 019	219 741 296
Electricity	421 341 862	-	104 403 455	-	525 745 317	131 619 687	-	22 147 386	-	153 767 073	371 978 244
TOTAL	1 961 301 272	4 493 426	237 496 199	(2 842 588)	2 200 448 309	664 903 945	953 774	121 166 923	(2 176 808)	784 837 834	1 415 610 476

APPENDIX D

RUSTENBURG LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010 - MUNICIPALITY

2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus/ (Deficit) R	2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R
597 231 213	309 299 574	287 931 639	452 565 064	108 501 787	344 063 277
10 509 477	81 286 144	(70 776 667)	7 513 838	87 028 645	(79 514 807)
8 419 928	26 819 238	(18 399 310)	30 152 218	28 417 714	1 734 504
253 305	7 291 647	(7 038 342)	1 120	7 799 708	(7 798 588)
1 524 517	23 183 543	(21 659 026)	2 204 861	27 855 912	(25 651 051)
22 048 714	20 739 863	1 308 851	6 095 972	8 539 973	(2 444 001)
4 520 101	56 211 517	(51 691 416)	3 542 421	63 430 137	(59 887 716)
1 397 458	30 007 998	(28 610 540)	332 298	34 170 160	(33 837 862)
-	-	-	-	-	-
61 687 672	55 404 397	6 293 275	76 689 697	89 166 956	(12 477 259)
54 726 940	56 041 409	(1 314 469)	69 401 309	67 735 360	1 665 949
145 907 200	185 048 570	(39 141 370)	123 328 072	238 980 848	(115 652 776)
237 281 132	216 209 616	21 071 516	234 316 424	260 609 214	(26 292 790)
527 540 961	448 331 338	79 209 623	912 200 919	739 320 791	172 880 128
1 673 058 618	1 515 874 854	157 183 764	1 918 344 210	1 761 557 205	156 787 008
60 032 124	60 032 124	-	66 860 673.42	66 860 673.42	-
1 613 026 494	1 455 842 730	157 183 764	1 851 483 537	1 694 696 531	156 787 008
-	-	-	-	-	-
157 183 764					156 787 008

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010 - GROUP

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RUSTENBURG LOCAL MUNICIPALITY						APPENDIX E(1)
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2010 - MUNICIPALITY						
REVENUE	2010 Actual R	2010 Budget R	2010 Variance R	2010 Variance %	Explanation of Significant Variances greater than 10% versus Budget	
Property rates (see note 17)	147 483 650	144 832 000	2 651 650	1.8%		
Service charges (see note 18)	1 137 557 735	1 118 565 283	18 992 452	1.7%		
Rental of facilities and equipment	5 280 405	23 584 595	(18 304 190)	-77.6%		
Interest earned - external investments	41 764 864	23 048 790	18 716 074	81.2%		
Interest earned - outstanding debtors	70 944 791	69 948 660	996 131	1.4%		
Fines	1 487 556	8 144 298	(6 656 742)	-81.7%		
Dividends	13 802	-	13 802	100.0%		
Royalties	17 749 723	-	17 749 723	100.0%		
Licenses and permits	7 785 610	6 802 467	983 143	14.5%		
Income from agency services	13 705 274	7 592 000	6 113 274	50.5%		
Government grants and subsidies	445 785 691	387 572 725	58 212 966	15.0%		
Other income (see note 20)	28 262 507	33 225 810	(4 963 303)	-14.9%		
Gains on disposal of property, plant and equipment	17 358 104	18 900	17 339 204	91741.8%		
Less: Income forgone	(16 835 501)	(18 755 000)	1 919 499	-10.2%		
Total Revenue	1 918 344 210	1 804 580 528	113 763 682	6.3%		
EXPENDITURE						
Executive & Council	108 501 787	244 201 801	135 700 014	55.6%		
Finance & Admin	87 028 645	91 870 651	4 842 006	5.3%		
Planning & Development	28 417 714	29 112 238	694 524	2.4%		
Health	7 799 708	7 816 066	16 358	0.2%		
Community & Social Services	27 855 912	24 160 925	(3 694 987)	-15.3%		
Housing	8 539 973	27 945 894	19 405 921	69.4%		
Public Safety	63 430 137	52 070 446	(11 359 691)	-21.8%		
Sport & Recreation	34 170 160	34 551 129	380 969	1.1%		
Environmental Protection	-	-	-	0.0%		
Waste Management	89 166 956	53 129 947	(36 037 009)	-67.8%		
Waste Water Management	67 735 360	53 718 718	(14 016 642)	-26.1%		
Road Transport	238 980 848	207 925 491	(31 055 357)	-14.9%		
Water	260 609 214	214 333 717	(46 275 487)	-21.6%		
Electricity	739 320 791	903 598 973	164 278 182	18.2%		
Total Expenditure	1 761 557 205	1 944 435 996	182 878 791	9.4%		
NET SURPLUS/(DEFICIT) FOR THE YEAR	156 787 008	(139 855 468)	296 642 474			

APPENDIX E(1)

RUSTENBURG LOCAL MUNICIPALITY

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2010 - RUSTENBURG WATER SERVICES TRUST

REVENUE	2010 Actual R	2010 Budget R	2010 Variance R	2010 Variance %	Explanation of Significant Variances greater than 10% versus Budget
Property rates (see note 17)	-	-	-	0.0%	
Service charges (see note 16)	89 008 421	85 965 770	3 042 651	3.5%	Volume related, depend on internal growth of Rustenburg
Rental of facilities and equipment	-	-	-	0.0%	
Interest earned - external investments	4 283 187	3 142 274	1 140 913	36.3%	Due to higher reserve levels and higher interest rate than budget
Interest earned - outstanding debtors	-	-	-	0.0%	
Fines	-	-	-	0.0%	
Dividends	-	-	-	0.0%	
Licenses and permits	-	-	-	0.0%	
Income from agency services	-	-	-	0.0%	
Government grants and subsidies	-	-	-	0.0%	
Other income (see note 20)	-	-	-	0.0%	
Gains on disposal of property, plant and equipment	-	-	-	0.0%	
Less: Income forgone	-	-	-	0.0%	
Total Revenue	93 291 608	89 108 044	4 183 564	4.7%	
EXPENDITURE					
Executive & Council	-	-	-	0.0%	
Finance & Admin	-	-	-	0.0%	
Planning & Development	-	-	-	0.0%	
Health	-	-	-	0.0%	
Community & Social Services	-	-	-	0.0%	
Housing	-	-	-	0.0%	
Public Safety	-	-	-	0.0%	
Sport & Recreation	-	-	-	0.0%	
Environmental Protection	-	-	-	0.0%	
Waste Management	-	-	-	0.0%	
Waste Water Management	93 225 377	95 776 871	2 551 494	2.7%	Volume related increase + under expenditure + budget interest corrections
Road Transport	-	-	-	0.0%	
Water	-	-	-	0.0%	
Electricity	-	-	-	0.0%	
Total Expenditure	93 225 377	95 776 871	2 551 494	2.7%	
NET DEFICIT FOR THE YEAR	68 231	(6 688 827)	6 735 058		

RUSTENBURG LOCAL MUNICIPALITY
ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2010 - MUNICIPALITY

	<u>2010 Actual</u>	<u>2010 Under Construction</u>	<u>2010 Total Additions</u>	<u>2010 Budget</u>	<u>2010 Variance</u>	<u>2010 Variance</u>	<u>Explanation of Significant Variances greater than 5% versus Budget</u>
	R	R	R	R	R	%	
Executive & Council	13 334 429	-	13 334 429	14 473 010	1 138 581	7.9%	
Finance & Admin	1 071 830	-	1 071 830	5 020 643	3 948 813	78.7%	
Planning & Development	3 263 904	-	3 263 904	8 521 068	5 257 164	61.7%	
Health	335 049	-	335 049	342 718	7 669	2.2%	
Community & Social Services	4 599 181	-	4 599 181	7 131 902	2 532 721	35.5%	
Housing	-	-	-	-	-	0.0%	
Public Safety	8 900 490	-	8 900 490	31 549 998	22 649 508	71.8%	
Sport & Recreation	2 262 318	-	2 262 318	3 880 328	1 618 010	41.7%	
Environmental Protection	171 490	-	171 490	1 020 000	848 510	83.2%	
Waste Management	26 123 250	-	26 123 250	51 783 777	25 660 527	49.6%	
Waste Water Management	36 542 215	-	36 542 215	65 776 254	29 234 039	0.0%	
Road Transport	22 692 050	-	22 692 050	54 566 725	31 874 675	58.4%	
Water	13 796 440	-	13 796 440	33 512 991	19 716 551	58.8%	
Electricity	104 403 455	-	104 403 455	104 514 426	110 971	0.11%	
Other	-	-	-	-	-	0.0%	
TOTAL	237 496 101	-	237 496 101	382 093 840	144 597 739	37.8%	

**RUSTENBURG LOCAL MUNICIPALITY
ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2010 - RUSTENBURG WATER SERVICES TRUST**

	2009 Actual	2009 Under Construction	2009 Total Additions	2009 Budget	2009 Variance	2009 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	R	R	%	
Executive & Council	-	-	-	-	-	0.0%	
Finance & Admin	-	-	-	-	-	0.0%	
Planning & Development	-	-	-	-	-	0.0%	
Health	-	-	-	-	-	0.0%	
Community & Social Services	-	-	-	-	-	0.0%	
Housing	-	-	-	-	-	0.0%	
Public Safety	-	-	-	-	-	0.0%	
Sport & Recreation	-	-	-	-	-	0.0%	
Environmental Protection	-	-	-	-	-	0.0%	
Waste Management	-	-	-	-	-	0.0%	
Waste Water Management	-	-	-	-	-	0.0%	
Road Transport	-	-	-	-	-	0.0%	
Water	98	-	98	-	(98)	-100.0%	Monnakato Lethabong and Kloof assets now under RWST control
Electricity	-	-	-	-	-	0.0%	
Other	-	-	-	-	-	0.0%	
TOTAL	98	-	98	-	(98)	-100.0%	

APPENDIX F
RUSTENBURG LOCAL MUNICIPALITY
DISCLOSURES IN TERMS OF SECTION 123 OF THE MFMA: GRANTS AND SUBSIDIES RECEIVED FOR THE YEAR ENDED 30 JUNE 2010 - MUNICIPALITY

Name of Grant and/or Transferring organ of state or municipal entity	Opening balance	Received	Utilized	Closing Balance	Delayed and / or withheld	Reason for delay/withholding of funds	Did the municipality comply with the grant conditions as set out in the latest Division of Revenue Act	Reason for non-compliance
EQUITABLE SHARE								
DBSA	-	-164 274 187	164 274 187	-	No	Not applicable	Yes	N/a
DEA	-	-275 000	275 000	-	No	Not applicable	Yes	N/a
DLM	-	-369 588	369 588	-	No	Not applicable	Yes	N/a
DME	-400 000	-794 618	794 618	-400 000	No	Not applicable	Yes	N/a
DME - operating	-6 868 628	-31 340 000	38 208 628	-	No	Not applicable	Yes	N/a
DPLG	-8 000 000	-3 000 000	2 903 652	-96 348	No	Not applicable	Yes	N/a
DSAC	-1 289 336	-8 811 377	9 659 246	-7 152 131	No	Not applicable	Yes	N/a
DWAF	-93 168	-1 200 000	1 877 885	-611 451	No	Not applicable	Yes	N/a
EPWP	-	-1 143 750	282 765	-954 153	No	Not applicable	Yes	N/a
FIFA	-3 738 419	-3 674 818	3 674 818	-	No	Not applicable	Yes	N/a
FMG	-3 589 141	-5 232 353	5 059 858	-3 910 914	No	Not applicable	Yes	N/a
HOST FIFA	-3 589 141	-750 750	848 117	-3 493 774	No	Not applicable	Yes	N/a
HOUSING	-4 494 029	-18 889 185	5 020 598	-18 362 616	No	Not applicable	Yes	N/a
LOTTERY	-	-3 603 444	3 603 444	-	No	Not applicable	Yes	N/a
MIG	-	-704 000	-	-704 000	No	Not applicable	Yes	N/a
MINES	-24 068 426	-118 853 173	104 698 358	-38 223 241	No	Not applicable	Yes	N/a
MSIG	-194 992	-640 366	354 703	-480 655	No	Not applicable	Yes	N/a
NDMS	-278 327	-734 250	540 000	-472 577	No	Not applicable	Yes	N/a
OTHER	-	-139 224	-	-139 224	No	Not applicable	Yes	N/a
PTIS	-1 431 209	-	1 401 906	-29 303	No	Not applicable	Yes	N/a
SEED	-22 667 394	-79 084 758	101 752 152	-	No	Not applicable	Yes	N/a
TRAINING	-1 123 427	-	588 554	-534 873	No	Not applicable	Yes	N/a
	-	-1 167 694	1 167 694	-	No	Not applicable	Yes	N/a
	-78 236 496	-444 682 536	447 353 771	-75 565 261				

RUSTENBURG LOCAL MUNICIPALITY
RUSTENBURG WATER SERVICES TRUST
DISCLOSURES IN TERMS OF SECTION 123 OF THE MFMA: GRANTS AND SUBSIDIES RECEIVED FOR THE YEAR ENDED 30 JUNE 2010.

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